No. 88-1650

Supreme Court, U.S.
FILED
JUL 14 1989

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

FRANCINE TAFFLIN, et al.

Petitioners,

— v. —

JEFFREY A. LEVITT, et al.,

Respondents.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE FOURTH CIRCUIT

JOINT APPENDIX

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**Counsel of Record*

PETITION FOR CERTIORARI FILED APRIL 8, 1989
CERTIORARI GRANTED MAY 30, 1989

JOINT APPENDIX
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RELEVANT DOCKET ENTRIES

Francine Tafflin, et al. v. Jeffrey Levitt, et al.
Docket No. B-87-668

Date	Proceedings
January 7, 1986	Complaint Filed.
February 5, 1986	Glass & Assoc., P.A.'s Motion For Consolidation, Certificate of Service, Filed.
February 5, 1986	Glass & Assoc. P.A.'s Motion to Dismiss Or, In The Alternative, Motion To Stay, Certificate of Service, Filed.
February 7, 1986	Maryland Deposit Ins. Fund's Motion To Dismiss Or Transfer, Memo., Certificate of Service, Filed.
February 24, 1986	Motion Of Jeffrey A. Levitt, Esq. Et Al. To Dismiss Or To Transfer, Memo., Certif. Filed.
February 24, 1986	Motion Of Jeffrey A. Levitt, Esq. Et Al. To Stay, Memo., Certificate, Filed.
February 24, 1986	Motion Of Jeffrey A. Levitt, Et Al. To Consolidate, Certificate of Service, Filed.
February 28, 1986	Order That This Action Be Consolidated With C.A. 86-0092 For Purposes of Determ. Preliminary Motions, Filed. 3/3/86: Entered and Copies Mailed.
March 3, 1986	Motion Of Jerome S. Cardin, Et Al. To Dismiss, Memo., Certificate, Filed.
March 11, 1986	Amended Complaint, Certificate, Filed.
March 18, 1986	Jerome S. Cardin, Et Al.'s Supplemental Exhibits To Memo. In Support Of Motion To Dismiss, Certificate, Filed.
March 20, 1986	Allen Feinberg's Memo. In Support Of

Date	Proceedings
	Motion To Dismiss, Or In Alternative, To Transfer Or, In Alternative To Stay, Certificate, Filed.
March 28, 1986	Dennis E. Guidice's Motion To Dismiss, Stay, Consolidate Or Transfer, Request For Hearing On Motion, Certificate, Filed.
April 4, 1986	Motion Of David Uhlfelder To Dismiss Amended Complaint, Memo., Certificate Filed.
April 7, 1986	Affidavit Of David Uhlfelder In Support Of Uhlfelder's Motion to Dismiss Amended Complaint, Filed.
April 11, 1986	Order That Requirement That Plffs. File Their Motion For Class Certification Is Stayed For 120 Days. Defts. Shall File Any Preliminary Motions Or Amended Preliminary Motions Triggered By Filing Of Plffs' Amended Complaint By 5/9/86. Plffs. Shall Have Until 6/6/86 To File Any Omnibus Response To Defts' Motions, Etc. Defts' Replys Shall Be Filed By 6/18/86. Plffs Shall Have Until 6/30/86 to File Any Further Briefs. Oral Argument On The Issues Raised In Above Motion Shall Be Held On 8/1/86 At 9:00 A.M., Filed. 4/11/86: Entered And Copies Mailed.
April 16, 1986	Allan H. Pearlstein, Et Al.'s Motion To Dismiss And/Or Transfer In Response To Amended Complaint, Memo., Certificate, Filed.
May 7, 1986	Motion Of Jeffrey A. Levitt, Karol Levitt, & LCP Corp. to Stay Proceedings, Request For Hearing, Certificate, Memo., Certificate, Filed.

Date	Proceedings
May 7, 1986	Motion Of Jeffrey A. Levitt, Karol Levitt, & LCP Corp. To Dismiss Amended Complaint Or, In Alternative, To Transfer, Request For Hearing, Certificate, Memo., Certificate, Filed.
May 8, 1986	Supplemental Memo., In Support Of Maryland Deposit Ins. Fund's Motion To Dismiss, Or In Alternative, To Transfer, Certificate, Filed.
May 8, 1986	Motion Of Hogg To Dismiss Or, In Alternative, To Transfer Proceedings To Dist. Of Maryland, Memo., Certificate, Filed.
May 9, 1986	Motion Of Glass & Associates, P.A. To Dismiss Counts I, II, IV, V & IX Of Amended Complaint, Memo., Certificate, Filed.
May 9, 1986	Motion Of Venable, Baetjer & Howard To Dismiss, Memo., Certificate, Filed.
May 9, 1986	Motion Of Jerome S. Cardin & Cardin & Cardin, P.A. To Dismiss, Memo., Certificate, Filed.
May 9, 1986	Motion By Former MSSIC Directors To Dismiss, Memo., Certificate, Filed.
May 9, 1986	Motion Of Allen Feinbert To Dismiss, Or In Alternative, To Transfer, Or In Alternative To Stay, Affidavit, Memo., Certificate, Filed.
May 12, 1986	Terry Neifeld's Supplemental Memo. Of Points And Authorities In Support Of Motion By Former MSSIC Directors To Dismiss, Certificate, Filed.
May 15, 1986	Motion Of Paul V. Trice, Jr. To Dismiss Or, In Alternative, To Transfer To The District

Date	Proceedings
	Of Maryland, Memo., Certificate, Filed.
June 17, 1986	Plff's Brief In Opposition To Defts' Motions to Dismiss Amended Complaints And Other Preliminary Motions, Certificate, With Appendix Etc., Filed.
July 2, 1986	Reply Memo, Of Maryland Deposit Ins. Fund In Support Of Its Motion To Dismiss, Or Alternatively to Transfer, Certificate, Filed.
July 3, 1986	Reply Memo. Of Glass & Assocs. to Plff's Brief In Opposition To Defts' Motion To Dismiss Amended Complaint, Certificate, Filed.
July 3, 1986	Reply Memo. Of Allen Feinberg In Support Of Motion To Dismiss, Certificate, Filed.
July 3, 1986	Reply Memo. In Support Of Motion By Former MSSIC Directors To Dismiss, Certificate, Filed.
July 3, 1986	Reply Memo. Of Jerome S. Cardin & Cardin & Cardin, P.A., Certificate, Filed.
July 3, 1986	Reply Memo. Of Venable, Baetjer & Howard In Support Of Motion To Dismiss, Certificate, Filed.
July 7, 1986	Reply Of Dennis E. Guidice To Plffs' Opposition To Defts' Preliminary Motions, Certificate, Filed.
July 15, 1986	Plffs' Supplemental Brief In Opposition To Defts' Motions To Dismiss And Alternative Preliminary Motions, Certificate, Filed.
August 12, 1986	Oral Argument Of 8/8/86 Re: Preliminary Motions. Ruling — MDIF's Request For

Date	Proceedings
	Dismissal Pursuant to 11th Amendment Immunity & Securities Act — Granted. MSSIC Directors' Request For Dismissal based On Certificates Of Deposit — Denied. All Other Matters Taken Under Advisement, Filed.
August 27, 1986	Transcript Of Hearing On August 8, 1986, Filed.
October 16, 1986	Plffs' Response To Submission By Maryland Deposit Ins. Fund Of *Levitt v. MDIF* (No. 85-4099, E.D.N.Y., 9/18/86), Certificate, Filed.
October 20, 1986	Letter To Hon. James T. Giles From Ralph S. Tyler, Asst. Atty Gen., Atty. For The Maryland Deposit Ins. Fund Corp. Dated (9/25/86) Re: Enclosed Is A Copy Of A 9/18/86 Opinion Of The Hon. L.D. Wexler Of U.S.D.C. For The E.D. Of New York In The Case Of *Levitt v. State Of Maryland Deposit Ins. Fund Corp.*, Which Relates Directly To The Pending Motions to Dismiss Or Transfer In Above Case, Filed.
October 28, 1986	Plffs' Second Supplemental Memo. In Opposition To Defts' Motions to Dismiss And Alternative Preliminary Motions, Certificate, Filed.
November 12, 1986	Response Of Venable, Baetjer, And Howard To Plff's Second Supplemental Memo. In Opposition To Defts' Motions To Dismiss And Alternatively Preliminary Motions, Certificate, Filed.
December 3, 1986	Supplemental Memo. Of Former MSSIC Directors In Support Of Transfer Motions, Certificate, Filed.

Date	Proceedings
February 17, 1987	Order That Defts' Motion To Transfer Is Granted, This Action Is Hereby Transferred To The District Of Maryland And The Clerk Of Court Is Directed To Forward The File Forthwith To That District, Etc., Filed. 2/18/87 Entered And Copies Mailed.
March 19, 1987	File W/Certified Copy Of Docket Trf To U.S. Dist. Court For Dist. Of Maryland.
March 23, 1987	Certified Copy Of Docket Entries With Pleadings 1 Through 134 Transferred From The United States District Court For The Eastern District Of Pennsylvania. Their Civil Action No. 86-0092.
October 1, 1987	Supplemental Memorandum Of Defendant Maryland Deposit Insurance Fund Corporation, Successor Of The Maryland Savings Share-Insurance Corporation And Receiver Of Old Court Savings And Loan Association, Inc. To Dismiss. (c/s)
October 1, 1987	Supplemental Memorandum Of Defendant Venable, Baetjer And Howard In Support Of Motion To [illegible]miss. (c/s)
October 1, 1987	Supplemental Memorandum Of Defendant *Glass And Associates* In Support Of Motion to Dismiss Amended Complaint. (c/s)
October 6, 1987	Supplemental Memorandum Of Former MSSIC Directors And Officers To Dismiss. (c/s)
December 4, 1987	Hearing On Pending Motions Held Before Black, J. (Tape: Cameron)
December 4, 1987	Oral Opinion Rendered By The Court (Black, J.).

Date	Proceedings
December 9, 1987	Order (Black, J.) Dated December 8, 1987 "GRANTING" Motions Of Defendants In Support Of Dismissal On The Grounds Of Abstention And "DISMISSING" Complaint Without Prejudice. (C/M 12/8/87 cd) (EOD 12/17/87 feh)
December 29, 1987	Notice Of Appeal Of Plaintiff. (d/s And topf Mailed 12-29-87 mrw) (Fee Paid) (c/m: 1-11-88 bmh)
January 14, 1988	Docketing Statement & TPOF Of Plaintiff.
February 2, 1988	Transcript (Excerpt) Of Proceedings Before The Court (Black, J.) On December 4, 1987. (Filed Separately.)
February 10, 1988	Transcript (Excerpt) Of Proceedings Before The Court (Black, J.) On December 4, 1987. (Filed Separately.)
March 8, 1988	Record On Appeal Transmitted To Clerk, U.S. Court Of Appeals For The Fourth Circuit, Richmond, VA (Volumes I Thru XVIII)
January 12, 1989	Attested Copy Of The Order Of Judgment Of The U.S. Court Of Appeals, For The Fourth Circuit, "AFFIRMING" The Judgment Of The District Court, Copy Of Opinion Attached Thereto.
February 3, 1989	Complete Record On Appeal Returned To U.S. District Court.

RELEVANT DOCKET ENTRIES

Francine Tafflin, et al. v. Jeffrey Levittt, et al.
Docket No. B-87-684

Date	Proceedings
January 7, 1986	Complaint Filed.
January 7, 1986	Jury Trial Demanded.
February 5, 1986	Deft. Glass & Assoc. P.A.'s Motion To Dismiss Or In Alternative Motion To Stay, Memo., Req. For Hearing, Cert. Of Service, Filed.
February 7, 1986	Deft. Maryland Deposit Ins. Fund's Motion To Dismiss Or To Transfer, Memo., Cert. Of Service, Filed.
February 24, 1986	Defts. Jeffrey A. Levitt, Karol Levitt & LCP Corporation's Motion To Dismiss Or In Alternative To Transfer, Memo., Request For Hearing, Cert. Of Service, Filed.
February 24, 1986	Jeffrey A. Levitt, Karol Levitt & LCP Corp.'s Motion To Stay, Memo., Request For Hearing, Cert. Of Service, Filed.
February 24, 1986	Jeffrey A. Levitt, Karol Levitt, & LCP Corp.'s Motion To Consolidate, Request For Hearing, Cert. Of Service, Filed.
February 28, 1986	Order That Tafflin v. Levitt, CA 86-90 & Tafflin v. Levitt 86-92 Be Consolidated For Limited Purpose Of Determining Preliminary Motions, Filed. 3/3/86 Entered & Copies Mailed.
March 3, 1986	Deft. Jerome Cardin & Cardin & Cardin, P.A.'s Motion To Dismiss, Memo, Cert. Of Service, Filed.
March 3, 1986	Deft.'s Allan H. & Rosemary Pearlstein &

Date	Proceedings
	Robt. D. Pearlstein's Motion To Stay, Req. For Hearing, Memo., Cert. Of Service, Filed.
March 3, 1986	Deft.'s Allan H. & Rosemary Pearlstein & Robt. D. Pearlstein's Motion To Dismiss Or Transfer, Memo., Cert. Of Service, Filed.
March 11, 1986	Amended Complaint Filed.
March 18, 1986	Supplemental Exhibits To Memorandum Of Law In Support Of Motion Of Defts. Jerome S. Cardin & Cardin & Cardin, P.A. to Dismiss, Cert. Of Service, Filed.
March 20, 1986	Deft. Allen Feinberg's Motion to Dismiss Or In Alternative To Transfer Or to Stay, Request For Hearing, Filed.
March 28, 1986	Deft. Dennis E. Guidice's Motion to Dismiss, Stay, Consolidate Or Transfer, Req. For Hearing, Cert. Of Service, Filed.
April 4, 1986	Deft. David Uhlfelder's Motion To Dismiss Amended Complaint Memo., Cert. Of Service, Filed.
April 7, 1986	Affidavit Of David Uhlfelder Re: Motion To Dismiss Amended Complaints, Filed.
April 11, 1986	Order That The Requirement That Plffs. File Their Motion For Class Certification Pursuant To FRCP 23(a)(b), LR 27(c) Is Stayed For A Period Of 120 Days, Defts. Shall File Any Preliminary Motions Or Amended Preliminary Motions Triggered By The Filing of Plff.'s Amended Complaint By 5/9/86, Plff. Has Until 6/6/86 to File Any Omnibus Response To Defts.' Motions Specifying Defenses Which Are Applicable To Each Deft. Defts. Replies 6/18/86, Plffs.

Date	Proceedings
	Further Reply Briefs 6/30/86, Oral Argument 8/1/86, 9:00 A.M. CTRM 8B, Filed. 4/11/86 Entered & Copies Mailed.
April 16, 1986	Defts. Allan Pearlstein, Rosemary Pearlstein & Robt. Pearlstein's Motion To Dismiss And/Or Transfer In Response To Amended Complaint, Memo., Cert. Of Service, Filed.
May 7, 1986	Defts. Jeffrey A. Levitt, Karol Levitt & LCP Corp.'s Motion To Stay Proceedings Memo., Req. For Hearing, Cert. Of Service, Filed.
May 7, 1986	Defts. Jeffrey A. Levitt, Karol Levitt, & LCP Corp.'s Motion To Dismiss Amended Complaint Or In Alternative To Transfer, Memo., Req. For Hearing, Cert. Of Service, Filed.
May 8, 1986	Deft. Hogg's Motion To Dismiss Or In Alternative To Transfer Proceedings To Dist. Of Maryland, Memo., Cert. Of Service, Filed.
May 8, 1986	Deft. Maryland Deposit Ins. Fund's Supplemental Memorandum In Support Of Motion To Dismiss Or Alternatively To Transfer, Appendices, Cert. Of Service, Filed.
May 9, 1986	Deft. Glass & Assoc. P.A.'s Motion to Dismiss Counts I, II, IV, V & IX Of Amended Complaint, Memo., Cert. Of Service, Filed.
May 9, 1986	Deft. Venable, Baetjer & Howard's Motion To Dismiss Amended Complaints, Memo., Cert. Of Service, Filed.

Date	Proceedings —
May 9, 1986	Defts. Jerome S. Cardin and Cardin & Cardin, P.A.'s Motion To Dismiss, Memo., Cert. Of Service, Filed.
May 9, 1986	Defts. MSSIC (Maryland Savings Share Ins. Co.) Motion To Dismiss, Memo., Exhibit Cert. Of Service, Filed.
May 9, 1986	Deft. Allen Feinbert's Motion To Dismiss Or In Alternative Transfer Or Stay, Affidavit, Memo., Cert. Of Service, Filed.
May 12, 1986	Deft. Terry Neifeld's Supplemental Memorandum Of Points & Authorities In Support Of Motion By Former MSSIC Directors To Dismiss, Cert. Of Service, Filed.
May 15, 1986	Deft. Trice's Motion To Dismiss Or In Alternative To Transfer Proceedings To Dist. Of Maryland, Memo., Cert. Of Service, Filed.
June 17, 1986	Plff.'s Brief In Opposition To Defts.' Motion To Dismiss Amended Complaints & Other Preliminary Motions, Appendix, Addendums, Cert. Of Service, Filed.
July 2, 1986	Deft. Maryland Deposit Ins. Fund's Reply Memorandum In Support Of Its Motion To Motion To Dismiss Or Alternatively To Transfer, Cert. Of Service, Filed.
July 3, 1986	Deft. Glass & Assoc.'s Reply Memorandum to Plff.'s Brief In Opposition To Deft.'s Motion To Dismiss Amended Complaint, Cert. Of Service, Filed.
July 3, 1986	Deft. Allen Feinberg's Reply Memorandum In Support Of Motion To Dismiss, Cert. Service, Filed.
July 3, 1986	Reply Memorandum In Support Of Motion

Date	Proceedings
	By Former MSSIC Directors To Dismiss, Cert. Of Service, Filed.
July 3, 1986	Defts. Jerome S. Cardin & Cardin & Cardin, P.A.'s Reply Memorandum, Cert. Of Service, Filed.
July 3, 1986	Deft. Venable, Baetjer & Howard's Reply Memorandum In Support Of Motion To Dismiss, Cert. Of Service, Filed.
July 7, 1986	Deft. Dennis E. Guidice's Reply to Plffs.' Opposition to Defts.' Preliminary Motions, Cert. Of Service, Filed.
July 16, 1986	Plffs.' Supplemental Brief In Opposition To Defts.' Motions To Dismiss & Alternative Preliminary Motions & Appendix, Filed.
August 12, 1986	Oral Argument Of 8/8/86 Re: Preliminary Motions, C.A.V., Filed. (ER, Sierra, McC)
October 16, 1986	Plffs.' Response To Submission By Deft. Maryland Deposit Ins. Fund Of Levitt v. MDIF, No. 85-4099 EDNY, 9/18/86, Cert. Of Service, Filed.
October 20, 1986	Letter To Judge Giles From Ralph S. Tyler, Esq. Atty. For Maryland Deposit Ins. Re: Enclosed Is A Copy Of A 9/18/86 Opinion Of The Honorable Leonard D. Wexler Of USDC For EDNY Levitt v. State Of Maryland Deposit Ins. Fund Corp. CV85-4099, Which Relates To The Pending Motions to Dismiss Or Transfer In Above Case, Filed.
October 28, 1986	Plffs.' Second Supplemental Memorandum In Opposition to Defts.' Motions to Dismiss & Alternative Preliminary Motions, Cert. Of Service, Filed.

Date	Proceedings
November 12, 1986	Defts. Venable, Baetjer & Howard's Response To Plffs.' Second Supplemental Memorandum In Opposition To Defts.' Motions To Dismiss & Alternative Preliminary Motions, Cert. Of Service, Filed.
December 3, 1986	Supplemental Memorandum Of Former MSSIC Directors In Support Of Transfer Motions, Cert. Of Service, Filed.
February 17, 1987	Order That Defts.' Motion To Transfer Is Granted. This Action Is Transferred To The District Of Maryland And The Clerk Of Court Is Directed To Forward The File Forthwith to That District. Etc., Filed. 2/18/87 Entered And Copies Mailed.
March 24, 1987	Certified Copy Of Docket Entries With Pleadings 1 Through 35 Transferred From The United States District Court For The Eastern District Of Pennsylvania. Their Civil Action No. 86-0090.
October 1, 1987	Supplemental Brief Of Plaintiffs In Opposition To Motions Of Defendants' To Dismiss Amended Complaints And Other Preliminary Motions. (c/s)
October 1, 1987	Reply Memorandum Of Defendants Jerome S. Cardin And Cardin & Cardin, P.A. (c/s)
October 5, 1987	Supplemental Memorandum Of Defendant Venable, Baetjer And Howard In Support Of Motion To Dismiss. (c/s)
October 6, 1987	Supplemental Memorandum Of Former MSSIC Directors And Officers To Dismiss. (c/s)
October 7, 1987	Reply Of Defendants Allan Pearlstein,

Date	Proceedings
	Rosemary Pearlstein, Robert D. Pearlstein And Light Street Partnership. (c/s)
October 8, 1987	Supplemental Memorandum Of Defendant *Glass* And *Associates* In Support Of Motion To Dismiss Amended Complaint. (c/s) (COPY)
October 14, 1987	Reply Memorandum Of Defendant *DAVID UHLFELDER*. (c/s)
December 4, 1987	Hearing On Pending Motions Held Before Black, J. (Tape: Cameron)
December 4, 1987	Oral Opinion Rendered By The Court (Black, J.).
December 9, 1987	Order (Black, J.) Dated December 8, 1987 "GRANTING" Motions Of Defendants In Support Of Dismissal on the Grounds Of Abstention And "DISMISSING" Case Without Prejudice. (C/M 12/9/87 cd) (EOD 12/17/87 feh)
December 29, 1987	Notice of Appeal Of Plaintiff. (d/s And tpof Mailed 12-29-87 mrw) (c/m: 1-11-88 bmh)
January 15, 1988	Copy Of Docketing Statement, Transcript Order Form And Attachments.
March 8, 1988	Record on Appeal Transmitted To Clerk, U.S. Court Of Appeals For The Fourth Circuit, Richmond, VA (Volumes I Through XVIII) (Sent With B-87-668)
January 12, 1989	Attested Copy Of The Order Of Judgment (Copy) Of the U.S. Court Of Appeals For The Fourth Circuit "AFFIRMING" The Judgment Of the District Court. (Original Filed In B87-668).
February 3, 1989	Completed Record On Appeal Returned To U.S. District Court.

THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

FRANCINE TAFFLIN, 106 West Cheltenham Avenue, Philadelphia, Pennsylvania 19120,	:	CIVIL ACTION NO. 86-0090
and	:	
SEYMOUR ZUCKERMAN, 834 Columbus Drive, Teaneck, New Jersey 07666,	:	
and	:	
ERIS ZUCKERMAN, 834 Columbus Drive, Teaneck, New Jersey 07666,	:	
and	:	
RENALEE SELVIN, 210 West 70th Street, New York, New York 10023	:	
and	:	
JOAN ZUCKERMAN, 210 West 70th Street, New York, New York 10023,	:	
and	:	
SYLVIA ZUCKERMAN, 1705 Caton Avenue, Brooklyn, New York,	:	
and	:	

SEYMOUR ZUCKERMAN,
Executor of the Estate of Samuel Zuckerman,
834 Columbia Drive,
Teaneck, New Jersey 07666,

and

GEORGE R. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

GEORGE C. LYON,
1317 Smith Street,
Royal Oak, Michigan 48073,

and

PETER M. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

BRUCE K. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

ELIZABETH A. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

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511 Wallace Street,
Birmingham, Michigan 48009,

and

KENT H. BUTCHER,
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Glen Burnie, Maryland 21068,

and

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Personal Representative of the Estate of Minnie Felsenberg,
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and

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and

THURMAN L. GRAVES,
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Ferndale, Maryland 21061,

and

SANDRA L. PLETKA,
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and

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and

CATHERINE CARTER,
6409 North 10th Street,
Philadelphia, Pennsylvania 19126,

and

RIO GRANDE SAVINGS AND LOAN ASSOCIATION,
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Monte Vista, Colorado,

and

ENTERPRISE EQUIPMENT CO., INC.,
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East Weymouth, MA 02189,

and

GERTRUDE DURSO,
William Penn House, Apt. 2808,
1919 Chestnut Street,
Philadelphia, PA 19103,

and

CARMEN R. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

SARAH M. GOLDINGS,
1284 Beacon Street,
Brookline, MA 02146,

and

HERBERT J. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

ETHAN D. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

CLELIA S. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

DORIS KONIG,
315 West 86th Street, Suite 15B,
New York, NY 10024,

and

MITCHELL W. LANDY,
3901 Conshohocken Avenue,
Apt. 220,
Philadelphia, PA 19131,
PLAINTIFFS,

v.

JEFFREY A. LEVITT,
11408 Woodland Avenue,
Lutherville, Maryland 21093,

and

LCP CORPORATION,
16 South Calvert Street,
Baltimore, Maryland 21201,

and

ALLAN H. PEARLSTEIN,
3704 Bretton Way,
Pikesville, Maryland 21208,

and

JEROME S. CARDIN,
6615 Reisterstown Road,
Baltimore, Maryland 21215,

and

LIGHT STREET PARTNERSHIP,
16 South Calvert Street,
Baltimore, Maryland 21201,

and

ALLEN FEINBERG,
3303 Garrison Farms Road,
Baltimore, Maryland 21208,

and

DAVID UHLFELDER,
1515 Reisterstown Road,
Baltimore, Maryland 21208,

and

ROBERT D. PEARLSTEIN,
10806 Long Acre Lane,
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and

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Baltimore, Maryland 21209,

and

DENNIS E. GUIDICE,
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Forest Hill, Maryland 21050,

and

KAROL LEVITT,
11408 Woodland Avenue,
Lutherville, Maryland 21093,

and

ROSEMARY PEARLSTEIN,
3704 Bretton Way,
Pikesville, Maryland 21208,

and

OLD COURT SAVINGS & LOAN, INC.,
16 South Calvert Street,
Baltimore, Maryland 21201,
or, c/o MARYLAND DEPOSIT INSURANCE FUND CORPORATION, RECEIVER,
114 E. Lexington Street,
Baltimore, Maryland 21102,

and

MARYLAND SAVINGS SHARE INSURANCE CORP.,
115 East Lexington Street,
Baltimore, Maryland 21202,

and

MARYLAND DEPOSIT INSURANCE FUND CORPORATION,
114 E. Lexington Street,
Baltimore, Maryland 21102,

and

CHARLES C. HOGG, II,
6105 Buckingham Manor,
Baltimore, Maryland 21210, or
114 East Lexington Street,
Baltimore, Maryland 21202,

and

PAUL B. TRICE, JR.,
114 East Lexington Street,
Baltimore, Maryland 21202,

and

GEORGE W. H. PIERSON,
400 East Pratt Street,
Baltimore, Maryland; or
300 Old Trail,
Baltimore, Maryland 21212,

and

JEROME F. DOLIVKA,
1613 Chesaco Avenue,
Baltimore, Maryland 21237,

and

FRANCES F. ANDERSON,
900 Crain Highway South,
Baltimore, Maryland 21061,

and

MICHAEL J. DIETZ,
7034 Dunbar Road,
Baltimore, Maryland 21228,

and

LEONARD BASS,
3911 Noyes Circle,
Randallstown, Maryland 21133, or
Munsey Building,
Baltimore, Maryland 21202, or
2421 Forest Green Road,
Pikesville, Maryland 21208,

and

JOHN C. DONOHUE, SR.,
5603 Roland Avenue,
Baltimore, Maryland 21210,

and

HENRY R. ELSNIC,
21 Buchannon Road,
Woodbrook, Maryland 21217,

and

JOHN D. FAULKNER, JR.,
114 East Lexington Street,
Baltimore, Maryland 21202,

and

JAMES D. LAUDEMAN,
3838 Roland Avenue,
Baltimore, Maryland,

and

TERRY L. NEIFELD,
2911 Erie Avenue,
Carney, Maryland,

and

GLASS AND ASSOCIATES, P.A.,
2 Hopkins Plaza,
714 Mercantile Bank & Trust Building,
Baltimore, Maryland 21201,

and

CARDIN AND CARDIN, P.A.,
6615 Reisterstown Road,
Baltimore, Maryland 21215,

and

VENABLE, BAETJER AND HOWARD,
1800 Mercantile Bank & Trust Building,
2 Hopkins Plaza,
Baltimore, Maryland 21201,
DEFENDANTS.

AMENDED COMPLAINT

1. Plaintiffs' bring this action individually and on behalf of a class consisting of all persons who, during the period from September 1, 1982 through May 13, 1985 purchased or renewed Certificates of Deposit of Old Court Savings & Loan, Inc. ("Old Court"); and who either held such Certificates of Deposit on May 13, 1985, or redeemed such Certificates immediately prior thereto and suffered a penalty of loss of all interest accrued on said Certificates of Deposit for early withdrawal, their heirs, executors, successors and assigns (the "Class"), against defendants for violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §78j(b), and Rule 10b-5 promulgated by the Securities and Exchange Commission thereunder; the Racketeer Influenced and Corrupt Organizations Act of 1970 ("RICO") 19 U.S.C. §§1961-1968; Section 11-301 of the Maryland Securities Act ("Maryland Act"), Md. Corps. & Assns. Code Ann. §11-301; applicable provisions of securities laws of the several states in which various plaintiffs live, including Michigan, Mich. Comp. Laws, §451.501; New Jersey, N.J. Rev. Stat. §49:3052; New York, N.Y. Gen. Bus. Law §339-a; and Pennsylvania, 70 P.S. §1-401; and the common law of fraud, deceit, misrepresentation, malfeasance, breach of contract and conversion and violation of fiduciary obligations. In the alternative, plaintiff's individual claims and claims on behalf of those similarly situated may require subclasses represented by various named plaintiffs.

2. The amount in controversy exceeds $10,000 exclusive of interest and costs.

3. This Court has jurisdiction of this action pursuant to Section 27 of the Exchange Act, as amended, 15 U.S.C. §78aa; Section 1331 and 1337 of the Judicial Code, 28 U.S.C. §1331, 28 U.S.C. §1337; 18 U.S.C. §1964 and principles of pendent jurisdiction.

4. Many of the acts and transactions constituting the violations of the Exchange Act by defendants alleged herein, including, *inter alia,* the distribution and dissemination of false and misleading information (both written and oral) regarding Old

Court and Maryland Savings Share Insurance Corporation ("MSSIC"), and the several instances of racketeering activities alleged herein, occurred in the Eastern District of Pennsylvania, and certain of the claims asserted herein arose in this district. Many such acts occurred in the Commonwealth of Pennsylvania, the States of New Jersey, New York, Michigan, Maryland and in all probability virtually all other states and the District of Columbia.

5. The tort claims arose in the State of Maryland and in every state and the District of Columbia in which the named plaintiffs and members of the Class reside as well as in this district.

6. Each of the defendants does or transacts business in this district.

7. Each of the defendants either directly or indirectly disseminated advertising material in this district through the placement of advertisements in newspapers which defendants knew were regularly sold, distributed and circulated in this district including the Philadelphia Inquirer, the New York Times, and The Wall Street Journal which offered for sale to citizens and residents of this district, as well as other persons, Certificates of Deposits and other securities sold by Old Court and/or other Maryland savings and loan institutions insured by MSSIC.

8. Venue is proper in this district pursuant to Section 27 of the Exchange Act, 15 U.S.C. §78aa; 28 U.S.C. §1391(a); 28 U.S.C. §1391(b) and 28 U.S.C. §1391(c); and 18 U.S.C. §1965.

9. In connection with the acts, conduct, combinations and conspiracies alleged in this Complaint including, *inter alia,* the dissemination of false and misleading communications and racketeering activities, the defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail and interstate telephone communication.

10. The Certificates of Deposit sold by Old Court and purchased by the named plaintiffs and the putative class members are securities within the meaning of Section 10(b) of the

Exchange Act, Rule 10b-5 promulgated thereunder, and applicable state securities laws.

11. The Certificates of Deposit offered for sale by Old Court competed for investment funds with other securities including, but not limited to, stocks, bonds, money market funds, mutual funds and other investment contracts offered by other financial institutions and were advertised for sale in the same contexts as those other securities in newspapers and otherwise.

12. The only deposits, accounts or investments sold by Old Court to residents of the District of Columbia and states other than Maryland were its Certificates of Deposit. Such Certificates had various terms to maturity including one year, five years, 90 days, and 180 days. All the Old Court Certificates of Deposit carried a penalty of 100% loss of interest for early withdrawals.

13. Virtually all sales of Certificates of Deposit from Old Court to non-residents of Maryland were made through the United States mails.

14. The sale of Certificates of Deposit by Old Court at high interest rates, even higher than those offered for sale by other Maryland savings and loan institutions, was widely publicized in Maryland through numerous advertisements in the Baltimore Evening Sun, and Maryland local newspapers, as well as other newspapers read by citizens of Maryland; in particular, the Washington Post, the New York Times and the Wall Street Journal; as well as through direct and indirect communications with Old Court and other savings and loan institutions in Maryland. This information became public knowledge among citizens of Maryland considering profitable and safe investments.

15. The widespread nature of Old Court's offer to sell Certificates of Deposit at high interest rates initiated or accelerated a virtual price war among Maryland savings and loan institutions competing for investors' money through the sale of Certificates of Deposit. The aggressive manner in which Old Court marketed Certificates of Deposit created a market of public information of the type generally associated with the sale of listed stocks, bonds and other securities; and residents of

Maryland, as well as residents of nearby states who had occasion to visit Maryland on a regular basis for business or recreational purposes, such as people who owned boats moored in Maryland, were aware of Old Court's high interest rates. The activities of Old Court in this regard are the equivalent of "fraud on the marketplace".

16. Plaintiff, Francine Tafflin is an individual citizen of the State of Pennsylvania who resides at 106 West Cheltenham Avenue, Philadelphia, Pennsylvania 19120.

17. She purchased Certificates of Deposit from Old Court as identified below:

Certificate No.	Date of Purchase	Amount
04-700350-6	10/28/83	$50,000
04-703045-3	10/18/84	$20,000

The interest rate agreed upon by Francine Tafflin and Old Court at the date she purchased Certificate No. 04-703045-3 was 13% (14.1% compounded daily). The interest rate agreed upon for the earlier Certificate purchased in 1983 and renewed at maturity as set forth below was 11.3% for the original period and 14.1% for the renewal period.

18. Pursuant to the terms of Certificate No. 04-700350-6 purchased by plaintiff Francine Tafflin on October 28, 1983, Ms. Tafflin collected the interest which accrued up to the original date of maturity, October 28, 1984, and at that time renewed the Certificate for an additional year relying on assurances by Old Court that a renewal of the Certificate would also be fully insured and carried no risk of loss.

19. The Certificates of Deposit purchased by Francine Tafflin identified in paragraph 14 above had maturity dates of one year from the date of purchase with an option to renew at the end of that period. Certificate of Deposit 04-703045-3 matured on or about October 18, 1985 and Certificate of Deposit 04-700350 matured first on October 28, 1984 and again, after renewal, on October 28, 1985. Ms. Tafflin was unable to receive either interest or principal on those Certificates at the dates of maturity although interest was accrued at the agreed upon rate

prior thereto. For the period between the maturity date of these Certificates and November 8, 1985 interest on them was accrued at the rate of 5½ percent, rather than the agreed upon rate of interest, and from November 8, 1985 to date, no interest has been accrued on these Certificates and plaintiff has been denied her rights to withdraw any funds from Old Court for the reasons stated later in the Complaint.

20. Although title to the Certificates of Deposit purchased by Francine Tafflin was in her name, part of the funds used to purchase these Certificates belonged to her seventy-eight year old mother, Sarah Tafflin, with whom she resides, and Sarah Tafflin is in part the beneficial owner of these Certificates of Deposit. The funds used to purchase these Old Court Certificates of Deposit constituted virtually the entire life savings of this plaintiff and her mother.

21. Plaintiff Francine Tafflin learned of the sale of Old Court Certificates of Deposit from the Philadelphia Inquirer, a newspaper regularly circulated in this district, which she read in this district. She made interstate telephone calls and engaged in telephone conversations with representatives of Old Court, MSSIC and the Division of Savings and Loan of the State of Maryland, all of whom assured her of the safety of her investment in Old Court Certificates of Deposit. In response to her inquires she received through the United States mail written material from Old Court and MSSIC which described these Certificates as fully insured and risk free.

22. Plaintiffs allege, on information and belief, that many other citizens of Pennsylvania including citizens and residents of this district (who are class members) purchased Old Court Certificates of Deposit through similar means.

23. Plaintiffs Seymour Zuckerman and Eris Zuckerman are individual citizens of the State of New Jersey who reside at 834 Columbus Drive, Teaneck, New Jersey 07666. Plaintiffs Renalee Selvin and Joan Zuckerman are individual citizens of the State of New York who reside at 210 West 70th Street, New York, New York 10023; and plaintiff Sylvia Zuckerman is an individual citizen of the State of New York who resides at 1705

Caton Avenue, Brooklyn, New York (hereinafter sometimes referred to collectively as the Zuckerman Plaintiffs.)

24. Seymour Zuckerman is the executor of the Estate of Samuel Zuckerman, his father.

25. Plaintiffs Seymour, Eris, Joan and Sylvia Zuckerman, Renalee Selvin and Samuel Zuckerman, now deceased, either individually, jointly or as trustee for another, purchased Certificates of Deposit from Old Court as identified below:

Purchaser	Certificate No.	Date of Purchase	Amount
Renalee Selvin and Seymour Zuckerman	04-703974-3	12/10/84	$30,000
Joan Zuckerman and Seymour Zuckerman	04-703975-0	12/10/84	$25,000
Seymour Zuckerman and Eris Zuckerman	04-703977-6	12/10/84	$80,000
Seymour Zuckerman, trustee for Eris Zuckerman	04-704767-0	1/22/85	$90,000
Seymour Zuckerman, trustee for Joan Zuckerman	04-704765-4	1/22/85	$31,902.23
Seymour Zuckerman, trustee for Renalee Selvin	04-704766-2	1/22/85	$31,902.23
Samuel Zuckerman and Seymour Zuckerman	04-703976-8	12/10/84	$80,000
Seymour Zuckerman, trustee for Samuel Zuckerman	04-704769-6	1/22/85	$90,000
Samuel Zuckerman, trustee for Seymour Zuckerman	04-704770-0	1/22/85	$53,170.41
Samuel Zuckerman, trustee for Sylvia Zuckerman	04-704768-8	1/22/85	$90,000

The interest rates on the above Certificates of Deposits were 12.25%-13.22% on the first three Certificates; 11.75-12.70% on the next three Certificates; 12.25-13.22% on the next Certificate; and 11.75%-12.70% on the last three Certificates.

26. Each of the Certificates purchased by the Zuckerman plaintiffs identified in paragraph 22 above had a maturity date of one year following its purchase, with an option to renew for an additional period of time.

27. On May 20, 1985, the owners of the foregoing Certificates (with the exception of the last two listed Certificates) withdrew $1,000 from each account. The Zuckerman Plaintiffs have been unable to withdraw any further money (principal or interest) on the foregoing Certificates of Deposit including those which have already matured and are payable on demand by the terms thereof, and as of November 8, 1985, no interest has been accrued on any of the foregoing Certificates for the reasons stated later in this Complaint. The Zuckerman Plaintiffs believe that they will be unable to redeem the Certificates which mature on January 22 for the same reason.

28. Plaintiff Seymour Zuckerman on behalf of himself and the other Zuckerman Plaintiffs learned of the sale of Old Court Certificates from the New York Times, which is regularly circulated in New York and New Jersey, and which he read and received in either New York or New Jersey; made interstate telephone calls to representatives of Old Court, MSSIC and the Division of Savings and Loan of the State of Maryland, and received in response to his inquires about Old Court written material through the United States mails including financial statements of Old Court which are now known to be false and upon which he relied. In response to all inquiries, plaintiff Seymour Zuckerman was assured, both orally and through the written material which he received, that Old Court Certificates of Deposit were risk-free and fully insured.

29. Plaintiffs George R. Lyon, Peter M. Lyon, Bruce K. Lyon, Elizabeth A. Lyon, the Estate of George M. Lyon by George R. Lyon and Mary G. Lathrop as personal representatives are individual citizens of the State of Michigan who reside at 511 Wallace Street, Birmingham, Michigan 48009, and

plaintiff George C. Lyon is an individual citizen of the State of Michigan who resides at 1317 Smith Street, Royal Oak, Michigan 48073 (hereinafter collectively referred to as the Lyon Plaintiffs).

30. The Lyon Plaintiffs either individually, jointly or as the personal representatives of the Estate of George R. Lyon purchased Certificates of Deposit from Old Court as identified below:

Purchaser	Certificate No.	Date of Purchase	Amount
George C. Lyon and Peter M. Lyon and Bruce K. Lyon	04-303528-0	3/7/85	$50,947.71
George C. Lyon and Peter M. Lyon and Bruce K. Lyon	04-303527-2	3/7/85	$50,000.00
George R. Lyon and Peter M. Lyon and Bruce K. Lyon	04-303367-2	3/1/85	$50,500.00
George R. Lyon and Elizabeth A. Lyon and George C. Lyon	04-303368-0	3/1/85	$50,500.00
Estate of George M. Lyon and by George R. Lyon and Mary G. Lathrop, personal representatives	04-303859-7	4/8/85	$ 3,427.76

31. All of the foregoing Certificates owned by the Lyon plaintiffs, by their terms matured 91 days from the date of purchase, and included the right to renew for an additional 91 days. The interest rate on each of the Certificates identified in paragraph 27 above, except Certificate No. 04-303859-7, was 11½%. The interest rate on Certificate No. 04-303859-7 was 11¼%. Certificate No. 04-303367-2 and Certificate No. 04-303368-0 were renewed on their original maturity date, May 31, 1985, and Certificate No. 04-303527-2 and Certificate No. 04-303528-0 were renewed on their original maturity date, June 6, 1985, for an additional 91 day period, and interest on these Certificates was accrued at the agreed upon rate of 11½% prior to August 30, 1985 and September 5, 1985, respeetively.

Subsequent thereto, and through November 8, 1985, interest on the aforementioned Certificates was accrued at 5½%. Certificate No. 04-303859-7, which matured on July 8, 1985, was not renewed at all by Old Court, but was converted immediately into a regular savings account and interest at the rate of 5½% was accrued from that date through November 8, 1985. No interest was accrued for any period after November 8, 1985 on any of the Lyon Plaintiffs' Certificates. The Lyon Plaintiffs have been unable to redeem or collect any interest or principal on the Certificates of Deposit referred to herein for the reasons set forth later in this Complaint.

32. Plaintiff George R. Lyon learned of the sale of Certificates of Deposit from advertisements in the New York Times, a newspaper with national circulation which he read regularly in his hometown in Michigan. He on his own behalf and on behalf of the other Lyon Plaintiffs made inquires by interstate telephone calls to Old Court, MSSIC and the Division of Savings and Loan of the State of Maryland, and received in response various written material, including financial statements of Old Court. He was assured by representatives of both Old Court and MSSIC orally and in the written materials he received that Old Court Certificates of Deposit were safe investments and fully insured from all risk of loss.

33. Plaintiffs Windell R. Carter, Jr. and Catherine Carter are individual citizens of the State of Pennsylvania who reside at 6409 North 10th Street, Philadelphia, Pennsylvania 19126.

34. Plaintiff Windell Carter and Catherine Carter purchased Certificates of Deposit from Old Court as identified below:

Certificate No.	Date of Purchase	Amount
04-704147-6	12/17/84	$10,000
04-075560-6	02/14/85	$10,000
04-703002-7	10/15/85	$10,000
04-704604-2	01/15/85	$10,000
04-703469-1	11/15/84	$10,000
04-701288-8	06/18/84	$10,000

Certificate No.	Date of Purchase	Amount
06-701135-7	05/07/85	$20,000
04-705953-9	03/04/85	$70,000

35. All of the foregoing Certificates by their terms matured one year from the date of purchase, with an option to renew for an additional period of time. The Carter plaintiffs have been unable to withdraw any money on the foregoing Certificates including those which have already matured and are payable on demand by the terms thereof, and as of November 8, 1985 no interest has been accrued on any of the foregoing Certificates for the reasons stated later in this Complaint.

36. Plaintiff Catherine Carter, as executor of the estate of Barbara Carter, purchased a Certificate of Deposit on June 11, 1984, No. 04-701274-1, in the amount of $63,525.57. The Certificate had a stated term of one year and matured on June 11, 1985. Mrs. Carter was unable to receive interest or principal on her Certificate at the date of maturity although interest was accrued at the agreed upon rate prior thereto. For the period between the maturity date of this Certificate and November 8, 1985 interest was accrued at the rate of 5½ percent, rather than the higher agreed upon rate of interest, of approximately 12 percent; and from November 8 to date, no interest has been accrued on this Certificate and plaintiff has been denied her rights to withdraw any funds from Old Court for the reasons stated later in the Complaint.

37. Plaintiff Windell Carter on behalf of himself and Catherine Carter learned of the sale of Old Court Certificates from newspapers regularly circulated in Philadelphia which he received and read there; made interstate telephone calls to representatives of Old Court and MSSIC and received in response to his inquiries about Old Court written material through the United States mails, including financial statements of Old Court which are now known to be false and upon which be relied. In response to all of his inquiries, Windell Carter was assured, both orally and through written material which he received, that Old Court Certificates of Deposit were risk free and fully insured.

38. Specifically, Mr. Carter was advised by a letter from MSSIC that MSSIC regulations were enforced and precluded any fraudulent activity by member associations; that MSSIC "guarantee[d] payment of 100 cents on the dollar, to the limit of $100,000 per account"; that no MSSIC depositor had ever lost money; and that MSSIC was a "very stringent and full-time organization." These representations were typical of those made by letter and telephone conversation to other Old Court depositors who inquired of MSSIC as to the safety of their deposits in Old Court.

39. Plaintiff Kent H. Butcher is an individual citizen of the State of Maryland who resides at 49 Maple Dale Avenue, Glen Burnie, Maryland 21068. On September 4, 1984 he purchased a Certificate of Deposit, No. 02-702659-3, in the amount of $4,000.00. The Certificate had a stated term of one (1) year and matured on September 5, 1985. Mr. Butcher was unable to receive interest or principal on this Certificate at the date of maturity although interest was accrued at the agreed upon rate prior thereto. For the period between the maturity date of this Certificate and November 8, 1985 interest was accrued at the rate of 5½ percent, rather than the higher agreed upon rate of interest, of approximately 14 percent; and from November 8, 1985 to date, no interest has been accrued on this Certificate and plaintiff has been denied his rights to withdraw any funds from Old Court for the reasons stated later in the Complaint.

40. Plaintiff Kent Butcher was aware of the sale of Old Court Bank Certificates of Deposit through newspaper advertisements and/or other information, written and oral, available to him from Old Court, MSSIC and other Maryland savings and loan institutions, and the information of the marketplace for the sale of such investments. Mr. Butcher was assured of the risk-free nature of such investments created by the virtually universal belief among residents of Maryland that MSSIC was a governmental agency and insured such Certificates up to $100,000 per account in much the same way as Federal Deposit Insurance Corporation (FDIC) and Federal Savings and Loan Insurance Corporation (FSLIC) insured their members' deposits. This incorrect belief was caused by the dissemination of false

and misleading information set forth in brochures and other written material distributed by Old Court, MSSIC and other Maryland savings and loan institutions which were members of MSSIC.

41. Stanley Z. Felsenberg, M.D., is an individual citizen of the State of Maryland who resides at 6350 Red Cedar Place, Apt. 312, Baltimore, Maryland 21209. On December 13, 1984 he purchased on behalf of the Estate of Minnie Felsenberg, of which he is the Personal Representative, an Old Court Investment Certificate in the amount of $20,671.03. The Certificate had a stated term of one year and matured on December 14, 1985. Dr. Felsenberg has been unable to withdraw any funds (principal or interest) on the Certificate of Deposit, which has already matured and is payable on demand by the terms thereof, and as of November 8, 1985, no interest has been accrued on the Certificate for the reasons stated later in this Complaint.

42. Plaintiff Felsenberg learned of the sale of Old Court Certificates of Deposit in much the same way as did plaintiff Kent Butcher. Because his purchase was for an estate of a decedent he relied in particular on the risk-free nature of the Certificates as represented by Old Court, MSSIC and other savings and loan member institutions of MSSIC. He, as well as virtually every other investor or depositor in Old Court, believed that MSSIC was a governmental agency.

43. Plaintiffs Thurman L. Graves and Margaret B. Graves are citizens of the State of Maryland and reside at 211 Wicklow Avenue, Ferndale, Maryland. Plaintiff Sandra Pletka is a citizen of the State of Maryland and resides at 19 Mountain Road, Linthicum, Maryland 21090. Margaret Graves is the wife of plaintiff Thurman L. Graves and Sandra Pletka is their daughter. Plaintiffs Margaret Graves, Thurman L. Graves and Sandra Pletka are collectively referred to herein as "the Graves Plaintiffs."

44. Thurman Graves purchased a Certificate of Deposit issued by Old Court (No. 02-700006-9) and redeemed said Certificate prior to its date of maturity on May 11, 1985. The Graves Plaintiffs jointly purchased a Certificate of Deposit

issued by Old Court (No. 02-702125-0) and redeemed said Certificate prior to its date of maturity on or about May 11, 1985.

45. The Graves Plaintiffs redeemed their respective Certificates of Deposit from Old Court on May 11, 1985 prior to the date of maturity of such Certificates because of the public announcement that Old Court was in serious financial difficulties and because of facts or rumors, which turned out to be true, that Old Court had been mismanaged and depleted by its owners and would collapse. At that time there was a general panic among depositors in savings and loan institutions which were insured by MSSIC based in part on knowledge that Ohio savings and loans with similar insurance were unable to continue normal operations and on other information generally circulated that MSSIC would be unable to repay loans at member banks during this period and the foreseeable future.

46. By redeeming their Certificates of Deposit before the maturity dates, the Graves Plaintiffs forfeited as a penalty all interest accrued on these certificates, which amounted to approximately $23,000.

47. The Graves Plaintiffs purchased their Certificates of Deposit in much the same way and in reliance upon the same information as did plaintiff Kent Butcher.

48. Rio Grande Savings & Loan Association ("Rio Grande") is a Colorado Chartered Savings and Loan Association having a principal place of business at 901 First Avenue, Monte Vista, Colorado.

49. On March 4, 1985 Rio Grande purchased from Old Court through an investment broker, First Investment Securities, Inc., of Little Rock, Arkansas, an Old Court Certificate of Deposit No. 04-855726-8 in the amount of $100,000. It matures on March 5, 1990. Rio Grande received dividend payments on the Certificate of Deposit on April 8, May 6 and June 10, 1985, but has received no dividend payments since that time, and has been unable to obtain the principal amount of the Certificate.

50. Rio Grande became aware of the sale of Old Court Certificates of Deposit through First Investment Securities, Inc. which assured Rio Grande, on behalf of Old Court, of the safety of investments made in Old Court and represented, *inter alia*,

that the Certificates of Deposit were fully insured by the Federal Savings and Loan Insurance Corporation.

51. Enterprise Equipment Co., Inc. is a Massachusetts corporation having its principal place of business at 857 Washington Street, East Weymouth, Massachusetts 02189.

52. On October 1, 1984, Enterprise Equipment Co. purchased an Old Court Certificate of Deposit No. 04-702758-8 in the amount of $50,000. It matured one year from the date of purchase with an option to renew for an additional period of time.

53. Plaintiff Gertrude Durso is an individual citizen of the State of Pennsylvania who resides at William Penn House, Apartment 2808, 1919 Chestnut Street, Philadelphia, Pennsylvania 19103. On February 15, 1985 she purchased an Old Court Certificate of Deposit No. 04-705568-9 in the amount of $10,000. It matured one year from the date of purchase.

54. Carmen R. Goldings is an individual citizen of the State of Massachusetts who resides at 65 Sterling Street, West Newton, Massachusetts 02165. Sarah M. Goldings is an individual citizen of the State of Massachusetts who resides at 1284 Beacon Street, Brookline, Massachusetts 02146. On October 12, 1984 they purchased in their capacity as trustees for the Herbert J. Goldings, M.D. and Carmen R. Goldings, M.D., P.C. Pension Plan an Old Court Certificate of Deposit No. 04-855334-4 in the amount of $100,000. It had a maturity date one year from the date of purchase.

55. Herbert J. Goldings, M.D. and Ethan D. Goldings are individual citizens of the State of Massachusetts who reside at 65 Sterling Street, West Newton, Massachusetts 02165. On April 23, 1985 they purchased Old Court Certificate of Deposit No. 04-303980-5 in the amount of $6,300. That Certificate of Deposit matured six months from the date of its purchase, with an option to renew for an additional period of time.

56. Clelia S. Goldings is an individual citizen of the State of Massachusetts who resides at 65 Sterling Street, West Newton, Massachusetts 02165. On December 18, 1984 she and Herbert J. Goldings purchased Old Court Certificate of Deposit No. 04-704122-3 in the amount of $13,400 and on February 26, 1985

purchased 06-700841-6 in the amount of $4,000. Each of the foregoing Certificates of Deposit had a maturity date of one year from the date of purchase.

57. Doris Konig is an individual citizen of the State of New York who resides at 315 West 86th Street, Suite 15B, New York, New York 10024. She purchased certificates of deposit from Old Court as identified below:

Certificate No.	Date of Purchase	Amount
04-703412-8	11/13/84	$3,000.00
04-703505-6	11/19/84	1,500.00
06-700460-5	12/21/84	8,986.76
04-706217-2	3/21/85	4,569.16

58. All of the foregoing certificates by their terms matured one year from the date of purchase with an option to renew for an additional period of time.

59. Mitchell W. Landy is an individual citizen of the state of Pennsylvania who resides at 3901 Conshohocken Avenue, Apartment 220, Philadelphia, Pennsylvania 19131.

60. Plaintiffs Enterprise Equipment Co., Inc., Gertrude Durso, Carmen R. Goldings, Sarah M. Goldings, Herbert J. Goldings, Ethan D. Goldings, Clelia S. Goldings, Doris Konig, and Mitchell W. Landy learned of the sale of Old Court Certificates of Deposit from advertisements in one or more of the following newspapers, *The Philadelphia Inquire, The Wall Street Journal,* and *The New York Times,* one or more of which are regularly circulated in the several districts in which they live. In addition, they received in response to their inquiries through the United States Mail written material from Old Court and MSSIC which described the certificates as fully insured and risk free and some of them made interstate telephone calls and engaged in telephone conversations with representatives of Old Court, MSSIC and/or the Division of Savings and Loan of the State of Maryland, all of whom assured them of the safety of their investments in Old Court Certificates of Deposit.

61. None of those defendants have had access to the interest or principal amounts of their Certificates of Deposit.

Certificates of Deposit maturing prior to November 8, 1985, were renewed into successive thirty-day Certificates of Deposit accruing interest at 5½ percent, and since on or about November 8, 1985, no further interest has been accruing on any of the Certificates of Deposit, whether or not they have matured.

62. Old Court held a toll-free "800" telephone number for use by persons in states other than Maryland. Plaintiffs allege on information and belief that this number was used either exclusively or primarily in connection with the sale of Old Court Certificates of Deposit to citizens and residents of states other than Maryland.

63. Defendant Old Court Savings and Loan, Inc. ("Old Court") is a Maryland Corporation chartered as a Maryland Savings and Loan Association in 1960. From that date until May 13, 1985 it held itself out to the public as a safe and well managed savings and loan institution. Its principal place of business was 16 South Calvert St., Baltimore, Maryland.

64. On in November 8, 1985 Old Court was put in receivership in the Circuit Court for Baltimore City, Maryland. Defendant Maryland Deposit Insurance Fund Corporation ("MDIF") is the receiver of Old Court.

65. From approximately June 1, 1985 to November 8, 1985, Old Court was in conservatorship in the Circuit Court for Baltimore City, Maryland. The conservator was initially MSSIC, but MDIF was substituted shortly thereafter as its successor in interest and assumed all the assets and liabilities of MSSIC.

66. Defendant LCP Corporation ("LCP Corp.") is a Maryland corporation with its principal place of business in Baltimore, Maryland. Since September, 1982 LCP Corp. has owned all of the issued and outstanding stock of Old Court.

67. All of the issued and outstanding stock of LCP Corp. is owned by defendants Jeffrey A. Levitt (32½%), Allan H. Pearlstein (32½%), Jerome Cardin (18%) and Light Street Partnership (17%).

68. Light Street Partnership ("Light Street") is a Maryland general partnership owned equally by defendants Allan H. Pearlstein and Karol Levitt (the wife of defendant Jeffrey A. Levitt).

69. Defendant Jeffrey A. Levitt was President and Chief Operating Officer as well as a director of Old Court from the date of its acquisition by LCP Corp. (in which he was a shareholder) until May 13, 1985. During this time period, he was also an officer, director, shareholder, partner or joint venturer in various Old Court subsidiaries and affiliates, some of which are identified in paragraphs 88 and 96(f) of this Complaint.

70. Defendant Jeffrey A. Levitt is a member of the Bar of the State of Maryland, although at some time prior to his acquisition of his ownership interest in Old Court his license to practice law was suspended by the disciplinary authorities of the Bar of the State of Maryland.

71. From sometime in 1975 until September, 1982 when LCP Corp. purchased the stock of Old Court, Defendant Jeffrey A. Levitt was a director and general counsel of First Progressive Savings and Loan, Inc. ("First Progressive") a Maryland mutual savings and loan association. Plaintiffs allege on information and belief that he used money belonging to First Progressive to buy his interest in Old Court.

72. For the period September, 1982 through May 13, 1985, the individual defendants named below were designated and served as directors and/or officers of Old Court ("Old Court Directors").

Name	Position
Jeffrey A. Levitt	Director and President
Allen Feinberg	Director and Secretary
David Uhlfelder	Director
Robert D. Pearlstein	Director and Treasurer
Samuel Shoubin	Director
Dennis E. Guidice	Director and Executive Vice-President

73. Defendant Karol Levitt is the wife of defendant Jeffrey A. Levitt. In addition to her interests in LCP Corp. and Light Street, she was an officer, director, partner, joint venturer, or shareholder of various Old Court subsidiaries and affiliates some

of which are identified in later paragraphs of this Complaint. She also had ownership interests in various entities which she and Jeffrey A. Levitt used to divert from Old Court funds for their own personal use and those of other members of their family and the other defendants including, in particular, defendants Allan H. Pearlstein and Rosemary Pearlstein. She also received funds and fees directly from Old Court for which she performed no services.

74. When defendant Jeffrey Levitt resigned as a director of First Progressive (September, 1982), defendant Karol Levitt was appointed a director and secretary of First Progressive.

75. Defendant Allan H. Pearlstein was as previously alleged a controlling shareholder of LCP Corp. directly and through Light Street. Although not formally titled an officer or director of Old Court, defendant Allan H. Pearlstein, as well as defendants Jerome Cardin and Karol Levitt, acted as such by, *inter alia*, appointing as directors their nominees defendants Robert D. Pearlstein (Allan H. Pearlstein's son) and defendant Samuel Shoubin (Jerome Cardin's father-in-law); controlling Old Court by virtue of their ownership interest in LCP Corp. (Allan H. Pearlstein and Jerome Cardin) and Light Street (Allan H. Pearlstein and Karol Levitt); and otherwise participating and directing the affairs of Old Court through various joint ventures, partnerships, corporations, subsidiaries and other affiliates some of which are identified elsewhere in this Complaint, and with respect to Cardin through his law firm, Cardin and Cardin, P.A. Defendant Jerome Cardin, or a representative of Cardin and Cardin, P.A., attended all Old Court Board of Director meetings.

76. Defendant Rosemary Pearlstein is Allan H. Pearlstein's wife and together with him participated in various acts related to his self-dealing with Old Court through various joint ventures, partnerships, corporations, subsidiaries and other affiliates. Rosemary Pearlstein also received monies in the form of excessive fees or other payments unrelated to or inconsistent with any services she performed for Old Court.

77. Defendants Jeffrey Levitt and Allan Pearlstein controlled and operated First Progressive prior to the purchase of

Old Court by LCP Corp. and directly or indirectly thereafter until it was merged into Old Court on November 1, 1984, at the urging of the MSSIC defendants. Defendant Allan H. Pearlstein was the President of First Progressive.

78. Defendant Jerome Cardin is a member of the Bar of the State of Maryland. He was one of the original directors of Old Court when it was incorporated in 1960. From 1960 through September, 1982 he was co-general manager of Old Court, and from 1960 through May 13, 1985 he, individually or through his law firm, Cardin and Cardin, P.A. (and its predecessor Cardin and Weinstein), was general counsel for Old Court, its subsidiaries and many of its affiliates.

79. Cardin and Cardin, P.A. is a Maryland corporation engaged in the business of operating a law firm. Its principal place of business is located at 6615 Reisterstown Road, Baltimore, Maryland 21215. As stated in paragraph 46 above it or its predecessor, Cardin and Weinstein, were general counsel for Old Court, its subsidiaries and many of its affiliates from its inception through May 13, 1985. Plaintiffs allege on information and belief that Cardin and Cardin, P.A. received excessive and improper fees from Old Court

80. Prior to September, 1982 Jerome Cardin and members of his family, including a former judge of the Circuit Court for the City of Baltimore, were the sole owners of Old Court. They collectively sold the controlling interest in Old Court to LCP Corp.

81. Defendant Glass and Associates, P.A. is a Maryland corporation engaged in the business of operating a certified public accounting firm. Its principal place of business is located at 2 Hopkins Plaza, 714 Mercantile Bank & Trust Building, Baltimore, Maryland 21201. The firm was engaged by Old Court to perform accounting and auditing functions after September, 1982 and plaintiffs allege that they did perform such services until sometime in 1984 or 1985. Plaintiffs allege on information and belief that Glass and Associates reviewed the books and records of Old Court periodically and assisted in the preparation, either directly or indirectly, of unaudited statements of Old

Court distributed to prospective purchasers of Old Court Certificates of Deposit, and that it prepared an audited year end statement for Old Court for 1983 and possibly 1984.

82. Defendants Jeffrey A. Levitt, Allan H. Pearlstein, Jerome Cardin, Karol Levitt, the other officers and directors of Old Court, Light Street and LCP Corp. were controlling persons of Old Court within the meaning of Section 20 of the Exchange Act, 15 U.S.C. §78t(a). They will be referred to collectively along with Old Court, Rosemary Pearlstein, Cardin & Cardin and Glass & Associates as the "Old Court Defendants."

83. Defendant Maryland Savings Share Insurance Corporation ("MSSIC") is a Maryland Corporation chartered in 1962 in order to protect depositors and investors with accounts in Maryland savings and loan institutions which were not federally insured. The institutions which MSSIC purported to insure, of which there were approximately 100 during the period 1982 through May, 1985 (one of which was Old Court), were members of MSSIC and together controlled it by their right to elect eight of the eleven members of the Board of Directors (the other three were appointed by the Governor of Maryland). MSSIC stated orally and in writing in response to inquiries and to the general public on a continuing basis that it insured up to $100,000.00 each account of any kind on deposit with any member. First Progressive was a MSSIC member.

84. The individual defendants identified below, (along with MSSIC, collectively referred to as the "MSSIC Defendants"), constituted the Board of Directors and executive officers of MSSIC, at times relevant to this action. Many of these defendants had been officers or directors of Maryland Savings and Loan institutions.

Charles C. Hogg, II – President and Chief Operating Officer
Paul B. Trice, Jr. – Senior Vice President
George W. H. Pierson – Chairman of the Board of Directors
Jerome F. Dolivka – Vice Chairman of the Board of Directors

Frances F. Anderson – Director and Treasurer
Michael J. Dietz – Director and Secretary
Leonard Bass – Director
John C. Donohue, Sr. – Director
Henry R. Elsnic – Director
John D. Faulkner, Jr. – Director
James D. Laudeman, – Director
Terry L. Neifeld – Director

85. The State of Maryland Deposit Insurance Fund Corporation ("MDIF") is a Maryland Corporation created by the Maryland General Assembly on or about May 18, 1985 in emergency legislation. (Chapter 6 of the Special Session of 1985.) Its principal place of business is located at 114 E. Lexington Street, Baltimore, Maryland 21202. Effective June 1, 1985, it became the successor in interest to MSSIC, having assumed all of MSSIC's assets and liabilities, and agreed to pay up to $100,000 per account frozen at Old Court. MDIF was the conservator for Old Court until November 8, 1985 at which time it became the receiver.

86. Venable, Baetjer & Howard ("VB&H") is a Partnership engaged in the practice of law which has its principal place of business in Baltimore, Maryland. From 1974 until late 1985, VB&H served as general counsel to MSSIC. During that time period, a lawyer from VB&H attended virtually every meeting of the board of directors of MSSIC.

87. Defendants Jeffrey A. Levitt, Allan H. Pearlstein, Jerome Cardin and Karol Levitt purchased Old Court through LCP Corp. with the purpose and intent of using it to raise large amounts of capital to dispose of and invest for their own personal benefit, without regard to applicable law and banking regulations designed to protect owners of investment certificates and depositors in all accounts at Old Court; and did so, individually and collectively among themselves and in concert with others, including the other Old Court Defendants, Glass & Associates, Cardin & Cardin, the MSSIC defendants and various officials of the Division of Savings and Loans of the Maryland Department

of Licensing and other Governmental Entities identified in paragraph 69 of the Complaint.

88. In order to implement the scheme to divert funds belonging to Old Court into personal or business enterprises, defendants Jeffrey Levitt, Allan Pearlstein, Karol Levitt, with the assistance of the other Old Court directors, used existing subsidiaries and affiliates of Old Court and created others with interlocking officers and directors including but not limited to: Old Court Joint Ventures, Inc., Old Court Investment Company, Inc., Monumental City Service Corporation; The Insurance Group, Inc. (formerly "Old Court Insurance Group, Inc."), Magill Herman, Inc., Intermarket, Inc., Meridian Mortgage Investment Corp., Bankers' Realty, Inc., and Bankers' Appraisal, Inc.

89. Defendants Feinberg and Guidice (Old Court directors and officers) participated in the above scheme as did officers and directors of some of the above entities, and received excessive and improper fees and payments from Old Court or one or more of the above subsidiaries and affiliates of Old Court or others related to or affiliated with Old Court, Jeffrey Levitt, Karol Levitt, and Allan Pearlstein.

90. One of the means by which the new owners of Old Court attempted to generate the cash for their investments, was to cause Old Court, shortly after its acquisition by LCP, to offer for sale and sell Certificates of Deposit at higher rates of interest than those being offered by competitive financial institutions.

91. Since the sale of Certificates of Deposit locally would not generate sufficient funds to finance the Old Court defendants' objectives, the Old Court defendants attempted to sell great numbers of such Certificates to persons or entities outside Maryland who would not ordinarily do business with Old Court and would not in all likelihood know of Old Court otherwise, in addition to promoting sales of such Certificates within Maryland.

92. In connection with their efforts to attract out of state purchases of Old Court Certificates of Deposit, the Old Court Defendants instituted a massive national advertising campaign which utilized newspapers with national circulation as well as

newspapers in other regional markets including, *inter alia*, the Wall Street Journal, the New York Times, the Philadelphia Inquirer, the Los Angeles Times, the Washington Post and the Chicago Tribune, in addition to the local Baltimore papers.

93. In addition, the Old Court Defendants initiated a campaign to utilize brokers and investment bankers to market Certificates of Deposit, and succeeding in selling Certificates of Deposit through such brokers and investment bankers, including, but not limited to, First Investment Securities, Inc., a Little Rock, Arkansas brokerage firm.

94. In connection with their efforts to attract out of state buyers of Certificates of Deposit, Old Court utilized a toll free "800" number, prepared employees with information to respond favorably to out of state inquiries as to the safety and risk-free nature of Old Court Certificates of Deposit, arranged with the MSSIC defendants as well as personnel at Governmental Entities (defined in Paragraph 82 of this Complaint) to answer inquiries about Old Court positively and together with MSSIC prepared and distributed numerous letters, brochures and other materials emphasizing the risk free nature of all investments and deposits at Old Court based upon the representation that they were fully insured up to $100,000.

95. The advertisements placed by Old Court in various newspapers and the written material distributed directly to potential purchasers and the public were intended to and did in fact create the impression that the Old Court's Certificates of Deposit were "safe" investments, insured by a governmental agency in much the same way as were Certificates of Deposit from banks and savings and loan institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and Federal Savings and Loan Insurance Corporation ("FSLIC".)

96. In connection with the Defendants' campaign to induce the investing public to purchase Old Court Certificates of Deposit, Old Court:

(a) Stated falsely that it had an "advantage" over other financial institutions in that it could pay a higher yield on its Certificates of Deposit than comparable institutions without

risk of loss to purchasers of such investments while continuing to operate in accordance with sound banking practices, because Old Court was operated by experienced, knowledgeable and aggressive management;

(b) Utilized in its advertisements in newspapers, on stationary and elsewhere a seal similar to that of the State of Maryland adopted by MSSIC intending thereby and through direct statements to prospective purchasers of Certificates of Deposit to mislead such purchasers into believing that their investments in Old Court were safely insured up to $100,000 per account by the State of Maryland or a Maryland governmental agency;

(c) Issued in response to inquiries from potential customers, especially prospective purchasers of Certificates of Deposit, financial statements purporting to set forth a true and accurate picture of the financial condition of Old Court, knowing such statements were incorrect;

(d) Distributed in response to inquiries about the safety of Old Court Certificates of Deposit from prospective purchasers, including plaintiffs Seymour Zuckerman, George R. Lyon and Francine Tafflin various materials in the form of brochures and letters, some of which were prepared by MSSIC and all of which contained false and misleading information; including, but not limited to: a brochure entitled "Old Court Savings & Loan, Inc. Statement of Financial Condition"; a brochure entitled "We Have the Answers"; and monthly letters on MSSIC stationary entitled "An Open Letter to a Potential MSSIC Saver" (all of which contain false and misleading information) which were intended to and had the effect of inducing investors to believe that the Old Court Certificates of Deposit were fully and safely insured by a governmental agency;

(e) Represented that its operations were at all times in compliance with the rules and regulations of the applicable regulatory agencies of Maryland, while knowing that it was

a notorious violator of MSSIC regulations as well as state statutory law and regulations;

(f) Failed to disclose to potential purchasers of Certificates of Deposit that Old Court was lending significant sums of money to business enterprises belonging to or controlled by defendants Jeffrey A. Levitt and Allan H. Pearlstein and/or their relatives, and associates, or other Old Court defendants, including, but not limited to Levitt-Pearlstein Investment Foundation; Levitt-Pearlstein Management Co.; Charles Street Title Co.; Karol Springs Partnership I and II, Pearl Miami Partnerships; Bay Breeze Limited Partnership; and Ostot Enterprises, Inc.;

(g) Failed to disclose that certain of the Old Court Defendants attempted to obtain from Maryland governmental officials preferential treatment for various business enterprises belonging to or controlled by Jeffrey A. Levitt, Allan H. Pearlstein and their relatives and associates by lending money belonging to Old Court to such persons with the understanding that such "loans" not be repaid or could be repaid on preferential terms;

(h) Failed to disclose material facts as to the creation and use of numerous corporations, partnerships and joint ventures including, *inter alia,* those identified in paragraphs 75 (f) and 68 of the Complaint, with complex and interlocking relationships among them and with Old Court which were controlled by one or more of the defendants Jeffrey A. Levitt, Allan H. Pearlstein, Jerome Cardin, Karol Levitt, Rosemary Pearlstein, Allan Feinberg, Dennis E. Guidice, Samuel Shoubin, Robert D. Pearlstein and others to act as conduits to enable some or all of the individual Old Court defendants, relatives, friends and associated unnamed parties in obtaining money belonging to Old Court for their own personal gain.

(i) Failed to disclose that First Progressive was in effect operated and controlled by defendants Jeffrey A. Levitt and Allan J. Pearlstein (even prior to its merger with

Old Court) and that First Progressive was in serious financial difficulties because of, *inter alia,* mismanagement and misappropriation of funds by defendants Jeffrey A. Levitt and/or Allan H. Pearlstein or other related individuals.

97. All of the Old Court defendants, as officers, directors and shareholders of Old Court or otherwise in their respective capacities, knew that the information prepared, published and circulated to potential and current investors as well as to the public at-large was false and misleading and failed to state facts necessary to avoid the misleading nature of such representations and that such material misleading information was intended to induce investors to rely upon it in connection with their purchases of Old Court Certificates of Deposit.

98. The MSSIC defendants knew of Old Court's aforementioned acts, misrepresentations and omissions to disclose material information regarding its operations generally and in connection with the offer and sale of Certificates of Deposit by Old Court, and explicitly and implicitly aided, abetted and consented to the unlawful practices of the Old Court defendants and the material misrepresentations and failures to disclose information necessary to avoid the misleading nature of these and other representations in connection with the sale of Old Court Certificates of Deposit.

99. The MSSIC defendants alone and in concert with the Old Court defendants, other Maryland savings and loan institutions, officials of Maryland's Department of Licensing, Saving and Loan Division, and other unnamed parties artificially inflated the attractiveness of Old Court's Certificates of Deposit (and those of other Maryland savings and loan institutions) in order to induce investors to purchase Old Court Certificates of Deposit as well similar certificates of deposit sold by other member savings and loan institutions in the following ways:

(a) Prepared, published, distributed and made available for distribution by member savings and loan association a brochure entitled "We Have the Answers" creating the impression it was a Maryland state agency responsible

for the regulation of over one hundred savings and loan institutions in Maryland, and that, in fact, it regulated such savings and loans to insure the safety of deposits and investments in them;

(b) Prepared, published, distributed and made available for distribution by member savings and loan institutions, on a regular basis, letters entitled "An Open Letter to a Potential MSSIC Saver" which were given to prospective purchasers of Certificates of Deposit, intending to and in effect creating the impression that it regulated all of its 101 members savings and loan institutions in essentially the same manner as the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation did for the banks and savings and loans insured by them;

(c) Responded to telephone and written inquiries by prospective purchasers of Certificates of Deposit by assuring them of the safety of their investment in member savings and loan associations;

(d) Permitted member savings and loan associations to advertise the sale of Certificates of Deposit in national and regional newspapers including the Philadelphia Inquirer, the Wall Street Journal, the New York Times, the Los Angeles Times, the Washington Post, and the Baltimore Evening Sun using a seal similar to that of the State of Maryland and otherwise creating by words and pictures the image that such institutions were operated by and insured by governmental agencies of or the State of Maryland itself;

(e) Pursued an explicit policy of concealing adverse information concerning its member savings and loan institutions and, in particular, Old Court, in order to prevent its publication by newspapers and electronic media; and

(f) Opposed legislation introduced in the Maryland legislature that would have required MSSIC to expressly state, as was true, that it was not backed by the full faith and credit of the State of Maryland.

100. Commencing at some time after the purchase of Old Court by LCP Corp. and continuing virtually until the collapse of Old Court, during which time plaintiffs and members of the class were purchasing and renewing Old Court Certificates of Deposit, the MSSIC defendants, contrary to their representations to plaintiffs and members of the class, knew that Old Court Certificates of Deposit were not "safe" investments because, *inter alia,*

(a) Old Court was being systematically looted by several of the Old Court Defendants in that they were diverting substantial funds of Old Court for their own use;

(b) Old Court was a "habitual violator" of MSSIC's rules and regulations;

(c) Old Court was systematically paying exorbitant management, consulting, and similar fees to several of the Old Court defendants and other associated entities or persons;

(d) Old Court was during the same period systematically allowing the Old Court defendants and members of their families to overdraw in huge amounts on NOW accounts at Old Court, as well as making insider loans in amounts prohibited by MSSIC and state regulations;

(e) Old Court was being used by the Old Court defendants as a captive savings and loan to generate large amounts of cash to be used to finance large real estate and other projects in which they and related persons and business entities had interests. These large real estate investments were individually illegal, improper and imprudent and taken together absorbed an excessive amount of Old Court's total capital;

(f) The proportion of assets of Old Court utilized in making commercial construction and unimproved land loans was 69.83% on March 31, 1985. This effectively placed Old Court in an extremely risky financial posture.

Under MSSIC rules and regulations, the maximum proportion of assets to be so used was 40%. Even before March 31, 1985, it exceeded the MSSIC guidelines and prudent banking standards;

(g) The extremely high proportion of Old Court assets devoted to such loans was even riskier than readily apparent since, as certain of the Old Court defendants knew and in fact planned, a large number of such loans had been made to entities affiliated in some manner with one or more of the Old Court defendants.

(h) Many of the Old Court loans described in paragraph (f) above as well as many of the loans generally made by Old Court, particularly those made to Old Court defendants or related entities, were made with inadequate documentation and collateral or even completely without documentation and/or collateral.

(i) Other deficient, risky, and fraudulent lending practices included refinancing of delinquent loans with further loans, and issuance of mortgage loans in amounts larger than 80% of the sale price of the underlying realty;

(j) On November 1, 1984, at the urging of MSSIC, First Progressive was merged into Old Court, despite the fact that the MSSIC defendants knew that First Progressive was operating at a substantial loss and was operating in violation of MSSIC regulations as well as those of the Division of Savings and Loans and that Old Court itself was, as alleged previously in this complaint, operating in violation of these same rules and regulations. The MSSIC defendants were also aware that First Progressive was at that time and for sometime prior thereto controlled and operated by defendants Jeffrey A. Levitt and Allan H. Pearlstein and that the poor financial condition and mismanagement of First Progressive was at least in part a result of unlawful acts of defendants Jeffrey A. Levitt, Allan H. Pearlstein and Karol Levitt.

101. In March, 1985, at the same time that the aforementioned brochures and letters were being circulated to prospective investors, MSSIC sent a letter to Jeffrey Levitt, Old Court's President, specifying in detail over fifteen separate and serious violations of MSSIC rules and regulations by Old Court.

102. The MSSIC defendants concealed from and deliberately misrepresented to the investing public the nature of the "insurance" offered by MSSIC in, *inter alia,* the following ways:

(a) MSSIC asserted that the "insurance" consisted of an undertaking by MSSIC to back up each of the accounts in all of its 101 member savings and loan institutions, but in fact, the MSSIC defendants knew that such an undertaking would be impossible in the event of a "run" on savings and loans like that experienced in several states in the recent past because it had insufficient liquid assets to do. A significant portion of its assets were securities from member institutions which could not be converted to cash readily; or

(b) MSSIC asserted, contrary to fact (according to MDIF and MSSIC regulations), that in the event that an insured member was unable to pay any depositor with any type account including Certificates of Deposit, upon demand and in accordance with the terms under which such deposits were made or such certificates were sold, MSSIC would promptly assume such obligation and honor it under the same terms and conditions agreed to between the member savings and loan institutions and depositors or owners of certificates of deposit. This assertion was made to all purchasers of Certificates of Deposit, including the named plaintiffs Francine Tafflin, Seymour Zuckerman and George R. Lyon in various ways including:

(i) A statement as to what MSSIC did in a situation in 1964 involving a member institution in financial trouble;

(ii) Describing MSSIC insurance as the equivalent of FSLIC and FDIC insurance; and

(iii) Representing itself as a governmental agency.

(c) MSSIC misrepresented the number of problems which it had encountered since its formation by citing only one such situation, when in fact there were other problems including those at First Progressive in which they were deeply involved.

(d) MSSIC never supervised or regulated its members in the manner it was obligated to do by its charter, by-laws and regulations.

103. VB&H has since at least as early as 1974 represented various saving and loan associations which were members of MSSIC, or the owners, directors, officers or agents of such associations including, but not limited to, Cardin, Jeffrey Levitt, Old Court, and Allan Pearlstein, while at the same time serving as counsel to MSSIC. In addition, VB&H has served as counsel to several partnerships or other business entities in which one or more of the above named individuals were involved, and one or more partners of VB&H participated as a principal in one or more businesses in which certain Old Court defendants were also principals.

104. VB&H was at all times aware that its legal services for MSSIC would cause MSSIC to take actions which would be relied upon by persons purchasing certificates of deposit from Old Court, First Progressive and other member savings and loan associations. In representing MSSIC, VB&H owed a duty to depositors and purchasers of certificates of deposit from MSSIC member savings and loan associations, which duty it failed to perform because of conflicts of interest arising from its representation of Old Court; various Old Court defendants and other firm clients associated with other members of MSSIC.

105. As a result of its representation of the above referenced parties, VB&H was not properly carrying out its duties as independent counsel to MSSIC on matters in which MSSIC's actions might infringe upon the interests of their other clients.

106. At least in part because of this conflict of interest, VB&H participated with and aided and abetted the Old Court Defendants and the MSSIC Defendants in carrying out the aforementioned scheme and frauds. In advising MSSIC's Board

of Directors, whose members included representatives of the present or former clients, VB&H aided the MSSIC Defendants and the Old Court Defendants in concealing the problems which existed at Old Court and MSSIC. Among the various actions which were taken knowingly and/or recklessly by VB&H were:

(a) Advising MSSIC that it could advertise that accounts of its member institutions were insured up to $100,000 per account, regardless of the number of accounts opened by a particular investor, whereas MSSIC was not authorized to do so, nor did it have adequate funds to insure repayment of investors on that basis;

(b) Advising MSSIC to attempt to defeat legislation which would require MSSIC members to disclose that MSSIC was not a state agency;

(c) Advising MSSIC to ignore flagrant violations of its own regulations and those of the Division of Savings & Loan of the Maryland Department of Licensing by members and in particular Old Court, and its predecessor First Progressive;

(d) Failing to advise MSSIC of the numerous violations by the Old Court Defendants of state and federal securities laws enumerated herein; and

(e) Knowing that MSSIC's own conduct constituted a violation of state and federal securities laws and that it had an affirmative duty to cease such conduct, but failing to advise MSSIC of those violations or of its duty.

107. VB&H received fees for representing some or all of the Old Court Defendants in an amount in excess of $295,000.

108. Three Maryland governmental agencies charged with regulating savings and loan institutions in Maryland, the Department of Licensing and Inspection, the Board of Savings and Loan Association Commissioners and the Division of Savings and Loan Associations ("Governmental Entities") acting alone, in concert with each other and in concert with MSSIC failed to regulate Maryland savings and loan institutions and actively hid

from the investing public and plaintiffs the adverse information they knew about the financial condition, violation of MSSIC rules and regulations as well as those of the responsible governmental entities, the unlawful self dealing and other improper practices of Old Court and other savings and loan institutions. One flagrant example of this lack of compliance with laws and regulations was the failure to find and disclose year end audited statements for Old Court fiscal years 1983 and 1984.

109. A number of individual officials with responsibility for the operations of these Governmental Entities had long standing relations with the savings and loan industry, and with the MSSIC defendants (who also had past ties with member savings and loans) and intentionally concealed information adverse to various savings and loan institutions for fear the disclosure of adverse information would damage the owners of such institutions, especially Old Court.

110. The Governmental Entities and MSSIC were convinced that revelations of any adverse information regarding the savings and loan industry could result in a loss of public confidence in the savings and loan system, a decrease in deposits and investments and perhaps even cause a "run", resulting in criticism or liquidation of MSSIC and the governmental entities. Contrary to their duties and public representations, the Governmental Entities, MSSIC, and the MSSIC Defendants adopted explicit policies of hiding their knowledge of the poor financial condition of several savings and loan institutions and of their serious violation of its regulations and sound banking practices.

111. As was inevitable and as known by the defendants to be inevitable, a run did in fact take place on Old Court and Old Court was unable to meet the demands for withdrawals by its customers.

112. On May 13, 1985, Old Court was placed into conservatorship in the Circuit Court for Baltimore City, Maryland (hereinafter "Conservatorship Proceeding"). MSSIC was appointed the Conservator.

113. On or about June 1, 1985, the Maryland General Assembly established the Maryland Deposit Insurance Fund

Corporation ("MDIF"), as the successor in interest of MSSIC, and MDIF was substituted as the Conservator for Old Court. MDIF assumed all of the assets and all of the liabilities of MSSIC, including all of its insurance liabilities.

114. On or about May 13, 1985, the Circuit Court for Baltimore City, by order in the Conservatorship Proceeding, *inter alia*, limited withdrawals from all accounts for all deposits at Old Court (including Certificates of Deposit) made prior to May 13, 1985 to no more than $1,000 for each consecutive thirty day period.

115. On or about June 7, 1985, the Circuit Court for Baltimore City, by order in the Conservatorship Proceedings, prohibited all withdrawals from all accounts (including Certificates of Deposit) at Old Court of funds deposited prior to May 13, 1985 for a period of ninety days subsequent to the date of said Order (hereinafter "June 7, 1985 Order").

116. The June 7, 1985 Order, *inter alia*, allowed Certificates of Deposit to accrue interest at the rate contracted for when opened until the date of maturity of such certificates at which time (if within the ninety-day period of the June 7, 1985 Order) the Investment Certificate would be rolled over automatically into successive thirty-day Certificates of Deposit accruing interest at 5½ per cent.

117. On or about June 27, 1985, the Circuit Court of Baltimore County by order in the Conservatorship Proceeding continued to preclude all withdrawals of funds deposited in all accounts (including Certificates of Deposit) at Old Court prior to May 12, 1985, subject to an exception that funds could be withdrawn for the purpose of making monthly or other periodic payments on any debt owed to Old Court.

118. Subsequent to the June 27 Order, and until October 28, 1985 further orders or actions in the Conservatorship Proceeding prohibited withdrawals of deposits made prior to May 13, 1985 which again included Certificates of Deposit. On October 28, 1985 by Order of the Court in the Conservatorship Proceedings certain hardship exemptions were promulgated which allowed withdrawal from certain accounts on a very limited basis. None of the named plaintiffs have obtained any

funds on this basis, and plaintiffs allege on information and belief that such a strict construction of the "exemptions" has made it virtually meaningless.

119. On or about November 8, 1985, the Circuit Court for Baltimore City converted the Old Court Conservatorship Proceeding into a Receivership Proceeding. MDIF was appointed the Receiver.

120. Upon conversion of the Conservatorship Proceeding into a Receivership Proceeding, the Circuit Court for Baltimore City prohibited (a) the accrual of all subsequent interest due on Certificates of Deposit and (b) required that Certificates of Deposit which matured as of that date or subsequent thereto be rolled over into accounts upon which no interest was payable.

121. On January 3, 1986, defendant Jeffrey A. Levitt was indicted by a state grand jury on criminal charges of embezzling and misappropriating $14.6 million from Old Court and First Progressive. The indictment contains 12 felony embezzlement counts and 13 misdemeanor charges of misappropriation by a fiduciary. One count of the indictment alleges that Levitt got the money to buy his stake in Old Court by stealing from First Progressive.

122. The Attorney General for the State of Maryland has announced that he intends to seek indictments about other individuals involved in the Old Court/First Progressive fraud in the near future.

123. A joint federal and state investigation into possible criminal acts by persons involved with Old Court has been taking place for the last several months.

124. As a result of the collapse of Old Court and its failure and/or inability to pay to plaintiffs the amounts invested by them in Old Court Certificates of Deposit, the plaintiffs have been damaged and continue to be damaged despite the fact that at some indeterminate time in the future MDIF and/or some other entity may pay to them some portion or all of the principal the invested in Old Court.

125. As a result of defendants' unlawful actions as alleged herein, the named plaintiffs and members of the class have been injured and will continue to be injured at an accelerated rate in

that as of November 8, 1985 no interest whatsoever is being accrued on Old Court Certificates of Deposit, and that since May 13, 1985 interest on Old Court Certificates of Deposit which matured as of that date but prior to November 8, 1985 was being accrued at the rate of 5½%, rather than the interest rates which Old Court was obligated to pay on such Certificates of Deposit pursuant to the terms and conditions of their sale.

126. As a result of the foregoing alleged and improper acts by defendants, numerous persons who had purchased Old Court Certificates of Deposit, such as the Graves Plaintiffs, redeemed their Certificates prior to their dates of maturity, thereby forfeiting all accrued interest. They were effectively required to do so by the defendants in that the defendants' conduct, as alleged in the Complaint, had fraudulently induced them to purchase Certificates of Deposit and directly led to the collapse of Old Court, the onset of which caused the plaintiffs to sell their Certificates just prior to May 13, 1985. They have been damaged thereby in the amount of their forfeited interest.

127. Although officials of the State of Maryland and MDIF have stated that they will guarantee repayment on Certificates of Deposit up to $100,000 per account, and MDIF specifically assumed all the assets and liabilities of MSSIC, MDIF has told owners of Certificates of Deposit that they would not be compensated for any interest which would accrue after November 8, 1985 or the difference between the interest rate which such Certificates bear and the 5½% interest rate which has been accrued on Certificates of Deposit which matured between May 13, 1985 and November 8, 1985.

128. Despite the fact that MDIF purportedly assumed all of the assets and liabilities of MSSIC, which include the obligations of MSSIC to repay immediately losses incurred by depositors and Certificate owners of savings and loans insured by MSSIC, MDIF has stated that no distribution of funds will be made to any owners of Certificates of Deposit before liquidation of the assets of Old Court, and before obligations to creditors of Old Court and depositors of Old Court with accounts other than Certificates of Deposit were satisfied. MDIF's representatives have also stated to owners of Old Court Certificates of Deposit,

including the named plaintiff George R. Lyon, that repayment on Old Court Certificates of Deposit could take anywhere between two and eighteen years.

129. Regardless of an eventual repayment of monies owed to the named plaintiffs and members of the class defined herein by MDIF or some other governmental agency or the State of Maryland, these plaintiffs have already suffered damage inasmuch as they have been deprived of the use of their money when they were entitled to it and will in all probability be deprived of this money for a significant time in the future. No state agency or other party has offered to pay damages based upon the present worth of funds due to plaintiffs and their future worth at some unknown date.

130. Plaintiffs have invested substantial amounts of their savings and funds in Old Court Certificates of Deposit and have thus suffered consequential damages and will continue to do so at an accelerated rate inasmuch as plaintiffs had relied upon the use of these funds to fulfill personal and business commitments and in many cases to maintain their present standards of living.

131. The class as defined at paragraph 1 of this Complaint is in compliance with Rules 23(a) and 23(b) (3) of the Federal Rules of Civil Procedure because:

(a) Because of the great number of investors in Old Court, the members of the Class are so numerous that joinder of all members is impracticable.

(b) The claims of plaintiffs are typical of the claims of all members of the Class and their common interest is to obtain relief for themselves and the Class for the violations of law set forth herein.

(i) All of the class members have received virtually the same information in virtually the same form from Old Court and MSSIC and relied upon such information in much the same way;

(ii) Defendants' wrongful conduct as alleged in this Complaint has the same relevance to all claims by members of the class. Such conduct includes, in

addition to the said misrepresentations to plaintiffs, the Old Court Defendants' theft of Old Court's assets for their personal use; the failure of MSSIC to regulate Old Court in accordance with its obligations; and the knowledge by MSSIC and failure to disclose it of Old Court violations of the rules of MSSIC and state regulatory agencies;

(iii) The Certificates of Deposit which form the basis for the claims alleged herein are virtually the same;

(iv) The conduct of MDIF toward all owners of Certificates of Deposit since the collapse of Old Court is the same as to all plaintiffs;

(v) Most damages suffered by plaintiffs can be calculated on the same basis because of the actions of MDIF and the orders of the Circuit Court for Baltimore City entered during the period of conservatorship and receivership of Old Court.

(c) Plaintiffs will fairly and adequately protect the interests of the Class and have retained competent counsel experienced in class action litigation to prosecute this action.

(d) A class action is superior to other available methods for the fair and efficient adjudication of this controversy since the Class is so numerous and its membership so widespread that joinder of all members is impracticable. There will be no difficulty in the management of this action as a class action since records of plaintiffs' Certificate Accounts are easily available from Old Court or its Receiver MDIF.

(e) Questions of law and fact common to the members of the Class exist and predominate over any questions affecting only individual members of the Class. Among the questions of law and fact common to the Class are:

(i) Whether the federal and state securities laws, common law and RICO were violated by defendants' acts and omissions as alleged herein;

(ii) whether defendants participated in and pursued the conspiracy and common course of conduct of which plaintiffs complain;

(iii) whether documents, releases, reports, and statements disseminated to the investing public during the class period omitted and/or misrepresented material facts about the businesses and financial conditions of Old Court and MSSIC;

(iv) whether the defendants acted wilfully or recklessly in omitting to state and/or misrepresenting material facts or in aiding and abetting the making of such misstatements;

(v) whether during the class period the attractiveness of Old Court Investment Certificates was artificially inflated due to the non-disclosures and/or misrepresentations complained of herein;

(vi) whether plaintiffs' funds have been unlawfully converted by MDIF or others; and

(vii) whether MDIF or the State of Maryland is obligated to pay plaintiffs' damages which include full restitution of their principal and agreed upon interest rate for the full period of time they have been deprived of their investments.

COUNT I

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 by All Old Court Defendants and All MSSIC Defendants and VB&H

132. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 131.

133. During the period from November 1982 to May 13, 1985, defendants, singularly and in concert with each other and other unnamed parties engaged in or aided and abetted a plan, scheme and unlawful conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices, and courses of conduct which operated as a fraud upon plaintiffs and the Class, and made various untrue statements of material facts and omitted to state material facts in order to make the statements made, in light of the circumstances under which they were made, not misleading, to plaintiffs and the Class in connection with the sale of Old Court Certificates of Deposit to plaintiffs and the Class.

134. During the period from November 1982 to May 13, 1985, defendants, pursuant to such plan, scheme and unlawful conspiracy and course of conduct, knowingly or recklessly issued, caused to be issued, participated in the issuance of, or aided and abetted the preparation and issuance of the above referenced documents, including, but not limited to Old Court financial statements, as well as brochures and letters prepared by Old Court or MSSIC which contained the above reference misstatements of material fact or omitted to state the material facts.

135. The misstatements and omissions, taken individually and as a whole, were designed to and did create the false impression that the prospects for Old Court were bright; that it had developed operating techniques that were sound, prudent, and gave it a competitive edge in the savings and loan industry; that its loans were adequately collateralized and/or guaranteed by reputable, financially responsible borrowers; that it was profitable; that its profitability would continue to grow; that MSSIC was financially sound, that the insurance offered by MSSIC was completely reliable, and that an investment in Old Court would be safe.

136. All Defendants had actual knowledge of at least some of the materially false and misleading statements and omissions set forth herein.

137. Plaintiffs, relying on the said misrepresentations and omissions, and not knowing they were false, invested in Old Court Certificates of Deposit and sustained damages thereby.

138. Each of the defendants, in acting as hereinabove described, did so knowing that the insurance purportedly provided by MSSIC and advertised by Old Court and other savings & loan institutions in connection with the sale by Old Court of Certificates of Deposit by Old Court and other Maryland savings and loan associations was not what it was purported to be; that the true financial and operating condition of Old Court and MSSIC were poor; that the risks of loss from and the losses sustained or likely to be sustained from its poor banking practices were high; and of the falsity of the other misrepresentations and omissions alleged herein. With knowledge or reckless disregard of the facts as alleged herein, defendants disseminated or participated in the dissemination of the reports and statements referred to above knowing that they contained misstatements of or omitted to contain the material fact alleged herein.

139. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and are liable thereunder to plaintiffs.

140. Each of the defendants is liable as a direct participant in, as a co-conspirator and/or as an aider and abettor, or of the wrongs complained of herein.

141. The Old Court directors, defendants Allan H. Pearlstein, Karol Levitt, Jerome Cardin, LCP Corporation and Light Street are liable to plaintiffs as controlling persons of Old Court.

142. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

COUNT II

Violation of the Racketeer Influenced and Corrupt Organization Act By Old Court Defendants and VB&H

143. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 142.

144. The Old Court defendants and VB&H were at all times relevant to the events alleged herein all either employed by or associated with an enterprise engaged in, or the activities of which affected, interstate commerce. That enterprise is an association in fact comprised of Old Court and the Old Court defendants, and Glass & Associates, and numerous other known and unknown persons and entities associated with one or more of the Old Court defendants and who were the recipients directly or indirectly of illegal or improper loans or payments from Old Court, including, but not limited to, the subsidiaries and affiliates of Old Court, Jeffrey A. Levitt, and Allan H. Pearlstein identified previously in this complaint.

145. In violation of 18 U.S.C. §§1962(c) and (d), defendants have conspired to conduct and have conducted or participated in the conduct of, directly or indirectly, the affairs of the enterprise identified in paragraph 127 above through a pattern of racketeering activity consisting of repeated acts of fraud in the sale of securities, as alleged in this complaint; repeated acts of theft and embezzlement as alleged herein and by the indictment referred to above and repeated acts of mail and wire fraud violative of 18 U.S.C. §§1341 and 1343 all of which occurred within 10 years of one another, including:

(a) Mailings of the above referenced brochures, letters and financial statements to prospective customers, and

(b) Mailings or wiring by investors of funds to be invested in Old Court induced by the misrepresentations and fraud of defendants including, but not limited to, the mailing of the funds invested by the named plaintiffs to Old Court.

146. Each of the Old Court defendants' and VB&H's racketeering activities, as set forth herein, were conducted for the purpose of furthering the enterprise's scheme of defrauding investors. Each such act had similar purposes, involved similar participants, namely the defendants, similar methods of commission and similar results impacting the same victims, namely, members of the Class. Thus, such acts constitute a pattern of

racketeering activity within the meaning of the Racketeer Influenced and Corrupt Organizations Act.

147. Each of the defendants agreed and conspired with other defendants and/or other unnamed partners to commit the above specified acts of racketeering activity, and agreed and conspired to conduct the affairs of the above identified enterprise through a pattern of racketeering activity.

148. By reason of defendants' violations of 18 U.S.C. §§1962(c) and (d) as alleged herein, the members of the Class have been injured in their business and property in that (a) they each invested substantial sums of money in Old Court; and (b) they each have suffered losses as a result of those investments.

149. MDIF is liable to the plaintiffs on this claim as the receiver of Old Court.

COUNT III

Violation of the Racketeer Influenced and Corrupt Organization Act by the MSSIC Defendants and VB&H

150. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 149.

151. The MSSIC defendants and VB&H were at all times relevant to the events alleged herein in either employed by or associated with an enterprise engaged in, or the activities of which affected, interstate commerce. That enterprise is an association in fact comprised of MSSIC, all of its member savings and loan associations, and the Governmental Entities.

152. In violation of 18 U.S.C. §§1962(c) and (d), the MSSIC defendants have conspired to conduct and have conducted or participated in the conduct of, directly or indirectly, the affairs of the enterprise identified in paragraph 133 above through a pattern of racketeering activity consisting of repeated acts of fraud in the sale of securities, as alleged in this Complaint; and repeated acts of mail and wire fraud violative of 18 U.S.C. §§1341 and 1343 all of which occurred within 10 years of one another, including:

(a) Mailings of the above referenced brochures, letters and financial statements to prospective customers, and

(b) Mailings or wiring by investors of funds to be invested in Old Court.

153. Each of the MSSIC defendants' and VB&H's racketeering activities, as set forth herein, was conducted for the purpose of furthering the enterprise's scheme of defrauding investors to continue to invest in Old Court and other Maryland savings and loan associations in order to avoid criticism of themselves and MSSIC and liquidation of MSSIC. Each such act had similar purposes, involved similar participants, namely the MSSIC defendants, similar methods of commission and similar results impacting the same victim, namely members of the Class. Thus, such acts constitute a pattern of racketeering activity within the meaning of the Racketeer Influenced and Corrupt Organizations Act.

154. Each of the defendants agreed and conspired with other defendants and/or co-actors to commit the above specified acts of racketeering activity, and agreed and conspired to conduct the affairs of the above identified enterprises through a pattern of racketeering activity.

155. By reason of defendants' violations of 18 U.S.C. §§1962(c) and (d) as alleged herein, the Class has been injured in its business and property in that (a) they each invested substantial sums of money in Old Court; and (b) they each have suffered losses as a result of those investments.

156. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC.

COUNT IV

Common Law Fraud, Deceit, Negligent and Intentional Misrepresentation By All Defendants

157. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 156.

158. The aforementioned misrepresentations and omissions were made by defendants intentionally knowing they were false, or in reckless disregard thereof, to artificially inflate the attractiveness of Old Court Certificates of Deposit, and to induce plaintiffs to invest in those Certificates of Deposit, with

knowledge that the plaintiffs and class members were relying on defendants' misrepresentations and omissions.

159. Plaintiffs, relying on the said misrepresentations and omissions, and not knowing they were false, invested in Old Court Certificates of Deposit and sustained damages thereby.

160. By reason of the foregoing, defendants are guilty of common law fraud, deceit and intentional misrepresentations.

161. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

COUNT V

Violation of the Maryland Securities Act and other applicable state securities laws by All Old Court Defendants, All MSSIC Defendants and VB&H

162. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 161.

163. By virtue of the foregoing, defendants have violated section 11-301 of the Maryland Securities Act, Md. Corps. & Assn's Code Ann. §11-301, and other applicable state securities laws, including Mich. Comp. Laws §451.501; N.J. Rev. Stat. §49:3052; N.Y. Gen. Bus. Law §339-a; and 70 Pa. Stat. Ann. §1-401.

164. This Count is brought by all named defendants and putative class members for violation of the Maryland law. In addition, it is brought by the named plaintiffs who are citizens of the states listed other than Maryland under the statutes of such state on their own behalf and and on behalf class members who are citizens of such state.

165. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

COUNT VI

Breach of Contract by Old Court

166. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 165.

167. Old Court's failure to pay to its investors the sums invested by them in Old Court Certificates of Deposit constitutes a breach of the contracts between Old Court and each of the plaintiffs.

168. MDIF is liable on this claim as the receiver of Old Court.

COUNT VII

Breach of Contract by MSSIC

169. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 168.

170. Despite Old Court's failure, MSSIC has failed to pay to each depositor in Old Court as of May 13, 1985, including plaintiffs, the amount of their investments (up to a maximum of $100,000 per account) pursuant to the terms of its contractual obligations to them.

171. By virtue of the foregoing, MSSIC has breached its contractual obligations to members of the class.

172. MDIF is liable on this claim as the successor in interest to MSSIC.

COUNT VIII

Conversion by Old Court

173. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 172.

174. Plaintiffs are unable to withdraw all or any part of their Certificates of Deposit in Old Court, either the principal amounts thereof or accrued interest.

175. Old Court, by its conservator and later receiver MDIF, has converted plaintiffs' property by refusing to accrue interest on Old Court Certificates of Deposits at the rate stated on such certificates, but rather accruing interest on all Certificates of Deposits which matured between May 13, 1985 and November 8, 1985 at the rates of 5½ percent, and refusing to accrue any interest whatsoever on plaintiffs' Old Court Certificates of Deposit after November 8, 1985 no matter how long it

takes MDIF or anyone else to release any money to plaintiffs due on their Certificates of Deposit.

176. MDIF is liable on this claim as the successor in interest to Old Court.

COUNT IX

Breach of Fiduciary Obligations by All MSSIC Defendants and All Old Court Defendants

177. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 176.

178. By virtue of the foregoing, all of the MSSIC Defendants and all of the Old Court Defendants have breached their fiduciary obligations owed to the plaintiffs.

179. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

PRAYER FOR RELIEF

WHEREFORE, plaintiffs demand judgment on behalf of themselves and all the other members of the Class, as follows:

(a) Determining that this action is a proper Class Action under Rule 23 of the Federal Rules of Civil Procedure, an that the Class Action be so maintained on behalf of the Class defined, above:

(b) Awarding damages, compensatory and punitive, in favor of plaintiffs and other Class Members;

(c) Awarding treble damages in favor of plaintiffs and other Class Members pursuant to 18 U.S.C. §1965(c).

(d) Awarding to plaintiffs prejudgment interest, the costs and disbursements of this action, including reasonable allowances of fees for plaintiffs' attorneys, accountants and experts and reimbursement of plaintiffs' expenses; and

(d) Granting such other further relief as this Court may deem just and proper.

Judith R. Cohn
Brian P. Flaherty

OF COUNSEL:

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WEISMAN & CLARKE
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300 East Jappa Road
Towson, MD 21204
(301) 583-9001

THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

FRANCINE TAFFLIN, 106 West Cheltenham Avenue, Philadelphia, Pennsylvania 19120,	:	CIVIL ACTION NO. 86-0092
and	:	
SEYMOUR ZUCKERMAN, 834 Columbus Drive, Teaneck, New Jersey 07666,	:	
and	:	
ERIS ZUCKERMAN, 834 Columbus Drive, Teaneck, New Jersey 07666,	:	
and	:	
RENALEE SELVIN, 210 West 70th Street, New York, New York 10023,	:	
and	:	
JOAN ZUCKERMAN, 210 West 70th Street, New York, New York 10023,	:	
and	:	
SYLVIA ZUCKERMAN, 1705 Caton Avenue, Brooklyn, New York,	:	
and	:	

SEYMOUR ZUCKERMAN,
Executor of the Estate of Samuel Zuckerman,
834 Columbia Drive,
Teaneck, New Jersey 07666,

and

GEORGE R. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

GEORGE C. LYON,
1317 Smith Street,
Royal Oak, Michigan 48073,

and

PETER M. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

BRUCE K. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

ELIZABETH A. LYON,
511 Wallace Street,
Birmingham, Michigan 48009,

and

GEORGE R. LYON and MARY G. LATHROP, Personal Representatives of the Estate of George M. Lyon,
511 Wallace Street,
Birmingham, Michigan 48009,

and

WINDELL R. CARTER, JR.,
6409 North 10th Street,
Philadelphia, Pennsylvania 19126,

and

CATHERINE CARTER,
6409 North 10th Street,
Philadelphia, Pennsylvania 19126,

and

RIO GRANDE SAVINGS AND LOAN ASSOCIATION,
901 First Avenue,
Monte Vista, Colorado,

and

ENTERPRISE EQUIPMENT CO., INC.,
857 Washington Street,
East Weymouth, MA 02189,

and

GERTRUDE DURSO,
William Penn House, Apt. 2808,
1919 Chestnut Street,
Philadelphia, PA 19103,

and

CARMEN R. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

SARAH M. GOLDINGS,
1284 Beacon Street,
Brookline, MA 02146,

and

HERBERT J. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

ETHAN D. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

CLELIA S. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

DORIS KONIG,
315 West 86th Street, Suite 15B,
New York, NY 10024,

and

MITCHELL W. LANDY,
3901 Conshohocken Avenue,
Apt. 220,
Philadelphia, PA 19131,
PLAINTIFFS,

v.

JEFFREY A. LEVITT,
11408 Woodland Avenue,
Lutherville, Maryland 21093,

and

LCP CORPORATION,
16 South Calvert Street,
Baltimore, Maryland 21201,

and

ALLAN H. PEARLSTEIN,
3704 Bretton Way,
Pikesville, Maryland 21208,

and

JEROME S. CARDIN,
6615 Reisterstown Road,
Baltimore, Maryland 21215,

and

LIGHT STREET PARTNERSHIP,
16 South Calvert Street,
Baltimore, Maryland 21201,

and

ALLEN FEINBERG,
3303 Garrison Farms Road,
Baltimore, Maryland 21208,

and

DAVID UHLFELDER,
1515 Reisterstown Road,
Baltimore, Maryland 21208,

CARMEN R. GOLDINGS,
65 Sterling Street,
West Newton, MA 02165,

and

SARAH M. GOLDINGS,
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Brookline, MA 02146,

and

HERBERT J. GOLDINGS,
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West Newton, MA 02165,

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and

ALLEN FEINBERG,
3303 Garrison Farms Road,
Baltimore, Maryland 21208,

and

DAVID UHLFELDER,
1515 Reisterstown Road,
Baltimore, Maryland 21208,

and

ROBERT D. PEARLSTEIN,
10806 Long Acre Lane,
Stevenson, Maryland 21143,

and

SA[illegible]EL SHOUBIN,
290[illegible] Terry Drive,
Baltimore, Maryland 21209,

and

DENNIS E. GUIDICE,
1612 Ross Road,
Forest Hill, Maryland 21050,

and

KAROL LEVITT,
11408 Woodland Avenue,
Lutherville, Maryland 21093,

and

ROSEMARY PEARLSTEIN,
3704 Bretton Way,
Pikesville, Maryland 21208,

and

OLD COURT SAVINGS & LOAN, INC.,
16 South Calvert Street,
Baltimore, Maryland 21201,
or, c/o MARYLAND DEPOSIT INSURANCE FUND CORPORATION, RECEIVER,
114 E. Lexington Street,
Baltimore, Maryland 21102,

and

MARYLAND SAVINGS SHARE INSURANCE CORP.,
115 East Lexington Street,
Baltimore, Maryland 21202,

and

MARYLAND DEPOSIT INSURANCE FUND CORPORATION,
114 E. Lexington Street,
Baltimore, Maryland 21102,

and

CHARLES C. HOGG, II,
6105 Buckingham Manor,
Baltimore, Maryland 21210, or
114 East Lexington Street,
Baltimore, Maryland 21202,

and

PAUL B. TRICE, JR.,
114 East Lexington Street,
Baltimore, Maryland 21202,

and

GEORGE W. H. PIERSON,
400 East Pratt Street,
Baltimore, Maryland; or
300 Old Trail,
Baltimore, Maryland 21212,

and

JEROME F. DOLIVKA,
1613 Chesaco Avenue,
Baltimore, Maryland 21237,

and

FRANCES F. ANDERSON,
900 Crain Highway South,
Baltimore, Maryland 21061,

and

MICHAEL J. DIETZ,
7034 Dunbar Road,
Baltimore, Maryland 21228,

and

LEONARD BASS,
3911 Noyes Circle,
Randallstown, Maryland 21133, or
Munsey Building,
Baltimore, Maryland 21202, or
2421 Forest Green Road,
Pikesville, Maryland 21208,

and

JOHN C. DONOHUE, SR.,
5603 Roland Avenue,
Baltimore, Maryland 21210,

and

HENRY R. ELSNIC,
21 Buchannon Road,
Woodbrook, Maryland 21217,

and

JOHN D. FAULKNER, JR.,
114 East Lexington Street,
Baltimore, Maryland 21202,

and

JAMES D. LAUDEMAN,
3838 Roland Avenue,
Baltimore, Maryland,

and

TERRY L. NEIFELD,
2911 Erie Avenue,
Carney, Maryland,

and

GLASS AND ASSOCIATES, P.A.,
2 Hopkins Plaza,
714 Mercantile Bank & Trust
Building,
Baltimore, Maryland 21201,

and

CARDIN AND CARDIN, P.A.,
6615 Reisterstown Road,
Baltimore, Maryland 21215,

and

VENABLE, BAETJER AND
HOWARD,
1800 Mercantile Bank &
Trust Building,
2 Hopkins Plaza,
Baltimore, Maryland 21201,
DEFENDANTS.

AMENDED COMPLAINT

1. Plaintiffs' bring this action individually and on behalf of a class consisting of all persons who are citizens of the District of Columbia or of states other than Maryland, who during the period from September 1, 1982 through May 13, 1985 purchased or renewed Certificates of Deposit of Old Court Savings & Loan, Inc. ("Old Court"); and who held such Certificates of Deposit on May 13, 1985, their heirs, executors, successors and assigns (the "Old Court Out of State Class"), against defendants for violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §78j(b), and Rule 10b-5 promulgated by the Securities and Exchange Commission thereunder; the Racketeer Influenced and Corrupt Organizations Act of 1970 ("RICO") 19 U.S.C. §§1961-1968; Section 11-301 of the Maryland Securities Act ("Maryland Act"), Md. Corps. & Assns. Code Ann. §11-301; applicable provisions of securities laws of the several states in which various plaintiffs live, including Michigan, Mich. Comp. Laws, §451.501; New Jersey, N.J. Rev. Stat. §49:3052; New York, N.Y. Gen. Bus. Law §339-a; and Pennsylvania, 70 P.S. §1-401; and the common law of fraud, deceit, misrepresentation, malfeasance, breach of contract and conversion and violation of fiduciary obligations. In the alternative, plaintiff's individual claims and claims on behalf of those similarly situated may require subclasses represented by various named plaintiffs.

2. Each of the named plaintiffs and the members of the Old Court Out of State Class is a citizen of the District of Columbia or of a state other than Maryland, and each of the defendants is a citizen of Maryland. The amount in controversy exceeds $10,000 exclusive of interest and costs.

3. This Court has jurisdiction of this action pursuant to Section 27 of the Exchange Act, as amended, 15 U.S.C. §78aa; Section 1331, 1332 and 1337 of the Judicial Code, 28 U.S.C. §1331, 28 U.S.C. §1332(a)(1); 28 U.S.C. §1337; 18 U.S.C. §1964 and priciples of pendent jurisdiction.

4. Many of the acts and transactions constituting the violations of the Exchange Act by defendants alleged herein,

including, *inter alia,* the distribution and dissemination of false and misleading information (both written and oral) regarding Old Court and Maryland Savings Share Insurance Corporation ("MSSIC"), and the several instances of racketeering activities alleged herein, occurred in the Eastern District of Pennsylvania, and certain of the claims asserted herein arose in this district. Many such acts occurred in the Commonwealth of Pennsylvania, the States of New Jersey, New York, Michigan, Maryland and in all probability virtually all other states and the District of Columbia.

5. Each of the defendants does or transacts business in this district.

6. Each of the defendants either directly or indirectly disseminated advertising material in this district through the placement of advertisements in newspapers which defendants knew were regularly sold, distributed and circulated in this district including the Philadelphia Inquirer, the New York Times, and The Wall Street Journal which offered for sale to citizens and residents of this district, as well as other persons, Certificates of Deposits and other securities sold by Old Court and/or other Maryland savings and loan institutions insured by MSSIC.

7. Venue is proper in this district pursuant to Section 27 of the Exchange Act, 15 U.S.C. §78aa; 28 U.S.C. §1391(a); 28 U.S.C. §1391(b) and 28 U.S.C. §1391(c); and 18 U.S.C. §1965.

8. In connection with the acts, conduct, combinations and conspiracies alleged in this Complaint including, *inter alia,* the dissemination of false and misleading communications and racketeering activities, the defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail and interstate telephone communication.

9. The Certificates of Deposit sold by Old Court and purchased by the named plaintiffs and the putative class members are securities within the meaning of Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder, and applicable state securities laws.

10. The Certificates of Deposit offered for sale by Old Court competed for investment funds with other securities including, but not limited to, stocks, bonds, money market funds, mutual funds and other investment contracts offered by other financial institutions and were advertised for sale in the same contexts as those other securities in newspapers and otherwise.

11. The only deposits, accounts or investments sold by Old Court to residents of the District of Columbia and states other than Maryland were its Certificates of Deposit. Such Certificates had various terms to maturity including one year, five years, 90 days, and 180 days. All the Old Court Certificates of Deposit carried a penalty of 100% loss of interest for early withdrawals.

12. Virtually all sales of Certificates of Deposit from Old Court to non-residents of Maryland were made through the United States mails.

13. Plaintiff, Francine Tafflin is an individual citizen of the State of Pennsylvania who resides at 106 West Cheltenham Avenue, Philadelphia, Pennsylvania 19120.

14. She purchased Certificates of Deposit from Old Court as identified below:

Certificate No.	Date of Purchase	Amount
04-700350-6	10/28/83	$50,000
04-703045-3	10/18/84	$20,000

The interest rate agreed upon by Francine Tafflin and Old Court at the date she purchased Certificate No. 04-703045-3 was 13% (14.1% compounded daily). The interest rate agreed upon for the earlier Certificate purchased in 1983 and renewed at maturity as set forth below was 11.3% for the original period and 14.1% for the renewal period.

15. Pursuant to the terms of Certificate No. 04-700350-6 purchased by plaintiff Francine Tafflin on October 28, 1983, Ms. Tafflin collected the interest which accrued up to the original date of maturity, October 28, 1984, and at that time renewed the Certificate for an additional year relying on assurances by Old Court that a renewal of the Certificate would also be fully insured and carried no risk of loss.

16. The Certificates of Deposit purchased by Francine Tafflin identified in paragraph 14 above had maturity dates of one year from the date of purchase with an option to renew at the end of that period. Certificate of Deposit 04-703045-3 matured on or about October 18, 1985 and Certificate of Deposit 04-700350 matured first on October 28, 1984 and again, after renewal, on October 28, 1985. Ms. Tafflin was unable to receive either interest or principal on those Certificates at the dates of maturity although interest was accrued at the agreed upon rate prior thereto. For the period between the maturity date of these Certificates and November 8, 1985 interest on them was accrued at the rate of 5½ percent, rather than the agreed upon rate of interest, and from November 8, 1985 to date, no interest has been accrued on these Certificates and plaintiff has been denied her rights to withdraw any funds from Old Court for the reasons stated later in the Complaint.

17. Although title to the Certificates of Deposit purchased by Francine Tafflin was in her name, part of the funds used to purchase these Certificates belonged to her seventy-eight year old mother, Sarah Tafflin, with whom she resides, and Sarah Tafflin is in part the beneficial owner of these Certificates of Deposit. The funds used to purchase these Old Court Certificates of Deposit constituted virtually the entire life savings of this plaintiff and her mother.

18. Plaintiff Francine Tafflin learned of the sale of Old Court Certificates of Deposit from the Philadelphia Inquirer, a newspaper regularly circulated in this district, which she read in this district. She made interstate telephone calls and engaged in telephone conversations with representatives of Old Court, MSSIC and the Division of Savings and Loan of the State of Maryland, all of whom assured her of the safety of her investment in Old Court Certificates of Deposit. In response to her inquires she received through the United States mail written material from Old Court and MSSIC which described these Certificates as fully insured and risk free.

19. Plaintiffs allege, on information and belief, that many other citizens of Pennsylvania including citizens and residents of

this district (who are class members) purchased Old Court Certificates of Deposit through similar means.

20. Plaintiffs Seymour Zuckerman and Eris Zuckerman are individual citizens of the State of New Jersey who reside at 834 Columbus Drive, Teaneck, New Jersey 07666. Plaintiffs Renalee Selvin and Joan Zuckerman are individual citizens of the State of New York who reside at 210 West 70th Street, New York, New York 10023; and plaintiff Sylvia Zuckerman is an individual citizen of the State of New York who resides at 1705 Caton Avenue, Brooklyn, New York (hereinafter sometimes referred to collectively as the Zuckerman Plaintiffs.)

21. Seymour Zuckerman is the executor of the Estate of Samuel Zuckerman, his father.

22. Plaintiffs Seymour, Eris, Joan and Sylvia Zuckerman, Renalee Selvin and Samuel Zuckerman, now deceased, either individually, jointly or as trustee for another, purchased Certificates of Deposit from Old Court as identified below:

Purchaser	Certificate No.	Date of Purchase	Amount
Renalee Selvin and Seymour Zuckerman	04-703974-3	12/10/84	$30,000
Joan Zuckerman and Seymour Zuckerman	04-703975-0	12/10/84	$25,000
Seymour Zuckerman and Eris Zuckerman	04-703977-6	12/10/84	$80,000
Seymour Zuckerman, trustee for Eris Zuckerman	04-704767-0	1/22/85	$90,000
Seymour Zuckerman, trustee for Joan Zuckerman	04-704765-4	1/22/85	$31,902.23
Seymour Zuckerman, trustee for Renalee Selvin	04-704766-2	1/22/85	$31,902.23
Samuel Zuckerman and Seymour Zuckerman	04-703976-8	12/10/84	$80,000
Seymour Zuckerman, trustee for Samuel Zuckerman	04-704769-6	1/22/85	$90,000

Purchaser	Certificate No.	Date of Purchase	Amount
Samuel Zuckerman, trustee for Seymour Zuckerman	04-704770-0	1/22/85	$53,170.41
Samuel Zuckerman, trustee for Sylvia Zuckerman	04-704768-8	1/22/85	$90,000

The interest rates on the above Certificate of Deposits were 12.25%-13.22% on the first three Certificates; 11.75-12.70% on the next three Certificates; 12.25-13.22% on the next Certificate; and 11.75%-12.70% on the last three Certificates.

23. Each of the Certificates purchased by the Zuckerman plaintiffs identified in paragraph 22 above had a maturity date of one year following its purchase, with an option to renew for an additional period of time.

24. On May 20, 1985, the owners of the foregoing Certificates (with the exception of the last two listed Certificates) withdrew $1,000 from each account. The Zuckerman Plaintiffs have been unable to withdraw any further money (principal or interest) on the foregoing Certificates of Deposit including those which have already matured and are payable on demand by the terms thereof, and as of November 8, 1985, no interest has been accrued on any of the foregoing Certificates for the reasons stated later in this Complaint. The Zuckerman Plaintiffs believe that they will be unable to redeem the Certificates which mature on January 22 for the same reason.

25. Plaintiff Seymour Zuckerman on behalf of himself and the other Zuckerman Plaintiffs learned of the sale of Old Court Certificates from the New York Times, which is regularly circulated in New York and New Jersey, and which he read and received in either New York or New Jersey; made interstate telephone calls to representatives of Old Court, MSSIC and the Division of Savings and Loan of the State of Maryland, and received in response to his inquires about Old Court written material through the United States mails including financial statements of Old Court which are now known to be false and upon which he relied. In response to all inquiries, plaintiff Seymour Zuckerman was assured, both orally and through the

written material which he received, that Old Court Certificates of Deposit were risk-free and fully insured.

26. Plaintiffs George R. Lyon, Peter M. Lyon, Bruce K. Lyon, Elizabeth A. Lyon, the Estate of George M. Lyon by George R. Lyon and Mary G. Lathrop as personal representatives are individual citizens of the State of Michigan who reside at 511 Wallace Street, Birmingham, Michigan 48009, and plaintiff George C. Lyon is an individual citizen of the State of Michigan who resides at 1317 Smith Street, Royal Oak, Michigan 48073 (hereinafter collectively referred to as the Lyon Plaintiffs).

27. The Lyon Plaintiffs either individually, jointly or as the personal representatives of the Estate of George R. Lyon purchased Certificates of Deposit from Old Court as identified below:

Purchaser	Certificate No.	Date of Purchase	Amount
George C. Lyon and Peter M. Lyon and Bruce K. Lyon	04-303528-0	3/7/85	$50,947.71
George C. Lyon and Peter M. Lyon and Bruce K. Lyon	04-303527-2	3/7/85	$50,000.00
George R. Lyon and Peter M. Lyon and Bruce K. Lyon	04-303367-2	3/1/85	$50,500.00
George R. Lyon and Elizabeth A. Lyon and George C. Lyon	04-303368-0	3/1/85	$50,500.00
Estate of George M. Lyon and by George R. Lyon and Mary G. Lathrop, personal representatives	04-303859-7	4/8/85	$ 3,427.76

28. All of the foregoing Certificates owned by the Lyon plaintiffs, by their terms matured 91 days from the date of purchase, and included the right to renew for an additional 91 days. The interest rate on each of the Certificates identified in paragraph 27 above, except Certificate No. 04-303859-7, was 11½%. The interest rate on Certificate No. 04-303859-7 was

11¼%. Certificate No. 04-303367-2 and Certificate No. 04-303368-0 were renewed on their original maturity date, May 31, 1985, and Certificate No. 04-303527-2 and Certificate No. 04-303528-0 were renewed on their original maturity date, June 6, 1985, for an additional 91 day period, and interest on these Certificates was accrued at the agreed upon rate of 11½% prior to August 30, 1985 and September 5, 1985, respectively. Subsequent thereto, and through November 8, 1985, interest on the aforementioned Certificates was accrued at 5½%. Certificate No. 04-303859-7, which matured on July 8, 1985, was not renewed at all by Old Court, but was converted immediately into a regular savings account and interest at the rate of 5½% was accrued from that date through November 8, 1985. No interest was accrued for any period after November 8, 1985 on any of the Lyon Plaintiffs' Certificates. The Lyon Plaintiffs have been unable to redeem or collect any interest or principal on the Certificates of Deposit referred to herein for the reasons set forth later in this Complaint.

29. Plaintiff George R. Lyon learned of the sale of Certificates of Deposit from advertisements in the New York Times, a newspaper with national circulation which he read regularly in his hometown in Michigan. He on his own behalf and on behalf of the other Lyon Plaintiffs made inquires by interstate telephone calls to Old Court, MSSIC and the Division of Savings and Loan of the State of Maryland, and received in response various written material, including financial statements of Old Court. He was assured by representatives of both Old Court and MSSIC orally and in the written materials he received that Old Court Certificates of Deposit were safe investments and fully insured from all risk of loss.

30. Plaintiffs Windell R. Carter, Jr. and Catherine Carter are individual citizens of the State of Pennsylvania who reside at 6409 North 10th Street, Philadelphia, Pennsylvania 19126.

31. Plaintiff Windell Carter and Catherine Carter purchased Certificates of Deposit from Old Court as identified below:

Certificate No.	Date of Purchase	Amount
04-704147-6	12/17/84	$10,000
04-075560-6	02/14/85	$10,000
04-703002-7	10/15/85	$10,000
04-704604-2	01/15/85	$10,000
04-703469-1	11/15/84	$10,000
04-701288-8	06/18/84	$10,000
06-701135-7	05/07/85	$20,000
04-705953-9	03/04/85	$70,000

32. All of the foregoing Certificates by their terms matured one year from the date of purchase, with an option to renew for an additional period of time. The Carter plaintiffs have been unable to withdraw any money on the foregoing Certificates including those which have already matured and are payable on demand by the terms thereof, and as of November 8, 1985 no interest has been accrued on any of the foregoing Certificates for the reasons stated later in this Complaint.

33. Plaintiff Catherine Carter, as executor of the estate of Barbara Carter, purchased a Certificate of Deposit on June 11, 1984, No. 04-701274-1, in the amount of $63,525.57. The Certificate had a stated term of one year and matured on June 11, 1985. Mrs. Carter was unable to receive interest or principal on her Certificate at the date of maturity although interest was accrued at the agreed upon rate prior thereto. For the period between the maturity date of this Certificate and November 8, 1985 interest was accrued at the rate of 5½ percent, rather than the higher agreed upon rate of interest, of approximately 12 percent; and from November 8 to date, no interest has been accrued on this Certificate and plaintiff has been denied her rights to withdraw any funds from Old Court for the reasons stated later in the Complaint.

34. Plaintiff Windell Carter on behalf of himself and Catherine Carter learned of the sale of Old Court Certificates from newspapers regularly circulated in Philadelphia which he received and read there; made interstate telephone calls to representatives of Old Court and MSSIC and received in

response to his inquiries about Old Court written material through the United States mails, including financial statements of Old Court which are now known to be false and upon which be relied. In response to all of his inquiries, Windell Carter was assured, both orally and through written material which he received, that Old Court Certificates of Deposit were risk free and fully insured.

35. Specifically, Mr. Carter was advised by a letter from MSSIC that MSSIC regulations were enforced and precluded any fraudulent activity by member associations; that MSSIC "guarantee[d] payment of 100 cents on the dollar, to the limit of $100,000 per account"; that no MSSIC depositor had ever lost money; and that MSSIC was a "very stringent and full-time organization." These representations were typical of those made by letter and telephone conversation to other Old Court depositors who inquired of MSSIC as to the safety of their deposits in Old Court.

36. Rio Grande Savings & Loan Association ("Rio Grande") is a Colorado Chartered Savings and Loan Association having a principal place of business at 901 First Avenue, Monte Vista, Colorado.

37. On March 4, 1985 Rio Grande purchased from Old Court through an investment broker, First Investment Securities, Inc., of Little Rock, Arkansas, an Old Court Certificate of Deposit No. 04-855726-8 in the amount of $100,000. It matures on March 5, 1990. Rio Grande received dividend payments on the Certificate of Deposit on April 8, May 6 and June 10, 1985, but has received no dividend payments since that time, and has been unable to obtain the principal amount of the Certificate.

38. Rio Grande became aware of the sale of Old Court Certificates of Deposit through First Investment Securities, Inc. which assured Rio Grande, on behalf of Old Court, of the safety of investments made in Old Court and represented, *inter alia*, that the Certificates of Deposit were fully insured by the Federal Savings and Loan Insurance Corporation.

39. Enterprise Equipment Co., Inc. is a Massachusetts corporation having its principal place of business at 857 Washington Street, East Weymouth, Massachusetts 02189.

40. On October 1, 1984, Enterprise Equipment Co. purchased an Old Court Certificate of Deposit No. 04-702758-8 in the amount of $50,000. It matured one year from the date of purchase with an option to renew for an additional period of time.

41. Plaintiff Gertrude Durso is an individual citizen of the State of Pennsylvania who resides at William Penn House, Apartment 2808, 1919 Chestnut Street, Philadelphia, Pennsylvania 19103. On February 15, 1985 she purchased an Old Court Certificate of Deposit No. 04-705568-9 in the amount of $10,000. It matured one year from the date of purchase.

42. Carmen R. Goldings is an individual citizen of the State of Massachusetts who resides at 65 Sterling Street, West Newton, Massachusetts 02165. Sarah M. Goldings is an individual citizen of the State of Massachusetts who resides at 1284 Beacon Street, Brookline, Massachusetts 02146. On October 12, 1984 they purchased in their capacity as trustees for the Herbert J. Goldings, M.D. and Carmen R. Goldings, M.D., P.C. Pension Plan an Old Court Certificate of Deposit No. 04-855334-4 in the amount of $100,000. It had a maturity date one year from the date of purchase.

43. Herbert J. Goldings, M.D. and Ethan D. Goldings are individual citizens of the State of Massachusetts who reside at 65 Sterling Street, West Newton, Massachusetts 02165. On April 23, 1985 they purchased Old Court Certificate of Deposit No. 04-303980-5 in the amount of $6,300. That Certificate of Deposit matured six months from the date of its purchase, with an option to renew for an additional period of time.

44. Clelia S. Goldings is an individual citizen of the State of Massachusetts who resides at 65 Sterling Street, West Newton, Massachusetts 02165. On December 18, 1984 she and Herbert J. Goldings purchased Old Court Certificate of Deposit No. 04-704122-3 in the amount of $13,400 and on February 26, 1985 purchased 06-700841-6 in the amount of $4,000. Each of the foregoing Certificates of Deposit had a maturity date of one year from the date of purchase.

45. Doris Konig is an individual citizen of the State of New York who resides at 315 West 86th Street, Suite 15B, New York,

New York 10024. She purchased certificates of deposit from Old Court as identified below:

Certificate No.	Date of Purchase	Amount
04-703412-8	11/13/84	$ 3,000.00
04-703505-6	11/19/84	1,500.00
06-700460-5	12/21/84	8,986.76
04-706217-2	3/21/85	4,569.16

46. All of the foregoing certificates by their terms matured one year from the date of purchase with an option to renew for an additional period of time.

47. Mitchell W. Landy is an individual citizen of the state of Pennsylvania who resides at 3901 Conshohocken Avenue, Apartment 220, Philadelphia, Pennsylvania 19131. On February 20, 1985 he purchased an Old Court Certificate of Deposit No. 04-705637-5 in the amount of $90,000. This Certificate of Deposit had a maturity one year following its issuance.

48. Plaintiffs Enterprise Equipment Co., Inc., Gertrude Durso, Carmen R. Goldings, Sarah M. Goldings, Herbert J. Goldings, Ethan D. Goldings, Clelia S. Goldings, Doris Konig, and Mitchell W. Landy learned of the sale of Old Court Certificates of Deposit from advertisements in one or more of the following newspapers, *The Philadelphia Inquirer*, *The Wall Street Journal*, and *The New York Times*, one or more of which are regularly circulated in the several districts in which they live. In addition, they received in response to their inquiries through the United States Mail written material from Old Court and MSSIC which described the certificates as fully insured and risk free and some of them made interstate telephone calls and engaged in telephone conversations with representatives of Old Court, MSSIC and/or the Division of Savings and Loan of the State of Maryland, all of whom assured them of the safety of their investments in Old Court Certificates of Deposit.

49. None of those defendants have had access to the interest or principal amounts of their Certificates of Deposit. Certificates of Deposit maturing prior to November 8, 1985, were renewed into successive thirty-day Certificates of Deposit accruing interest at 5½ percent, and since on or about November 8, 1985, no

further interest has been accruing on any of the Certificates of Deposit, whether or not they have matured.

50. Old Court held a toll-free "800" telephone number for use by persons in states other than Maryland. Plaintiffs allege on information and belief that this number was used either exclusively or primarily in connection with the sale of Old Court Certificates of Deposit to citizens and residents of states other than Maryland.

51. Defendant Old Court Savings and Loan, Inc. ("Old Court") is a Maryland Corporation chartered as a Maryland Savings and Loan Association in 1960. From that date until May 13, 1985 it held itself out to the public as a safe and well managed savings and loan institution. Its principal place of business was 16 South Calvert St., Baltimore, Maryland.

52. On in November 8, 1985 Old Court was put in receivership in the Circuit Court for Baltimore City, Maryland. Defendant Maryland Deposit Insurance Fund Corporation ("MDIF") is the receiver of Old Court.

53. From approximately June 1, 1985 to November 8, 1985, Old Court was in conservatorship in the Circuit Court for Baltimore City, Maryland. The conservator was initially MSSIC, but MDIF was substituted shortly thereafter as its successor in interest and assumed all the assets and liabilities of MSSIC.

54. Defendant LCP Corporation ("LCP Corp.") is a Maryland corporation with its principal place of business in Baltimore, Maryland. Since September, 1982 LCP Corp. has owned all of the issued and outstanding stock of Old Court.

55. All of the issued and outstanding stock of LCP Corp. is owned by defendants Jeffrey A. Levitt (32½%), Allan H. Pearlstein (32½%), Jerome Cardin (18%) and Light Street Partnership (17%).

56. Light Street Partnership ("Light Street") is a Maryland general partnership owned equally by defendants Allan H. Pearlstein and Karol Levitt (the wife of defendant Jeffrey A. Levitt).

57. Defendant Jeffrey A. Levitt was President and Chief Operating Officer as well as a director of Old Court from the date of its acquisition by LCP Corp. (in which he was a

shareholder) until May 13, 1985. During this time period, he was also an officer, director, shareholder, partner or joint venturer in various Old Court subsidiaries and affiliates, some of which are identified in paragraphs 76 and 84(f) of this Complaint.

58. Defendant Jeffrey A. Levitt is a member of the Bar of the State of Maryland, although at some time prior to his acquisition of his ownership interest in Old Court his license to practice law was suspended by the disciplinary authorities of the Bar of the State of Maryland.

59. From sometime in 1975 until September, 1982 when LCP Corp. purchased the stock of Old Court, Defendant Jeffrey A. Levitt was a director and general counsel of First Progressive Savings and Loan, Inc. ("First Progressive") a Maryland mutual savings and loan association. Plaintiffs allege on information and belief that he used money belonging to First Progressive to buy his interest in Old Court.

60. For the period September, 1982 through May 13, 1985, the individual defendants named below were designated and served as directors and/or officers of Old Court ("Old Court Directors").

Name	Position
Jeffrey A. Levitt	Director and President
Allen Feinberg	Director and Secretary
David Uhlfelder	Director
Robert D. Pearlstein	Director and Treasurer
Samuel Shoubin	Director
Dennis E. Guidice	Director and Executive Vice-President

61. Defendant Karol Levitt is the wife of defendant Jeffrey A. Levitt. In addition to her interests in LCP Corp. and Light Street, she was an officer, director, partner, joint venturer, or shareholder of various Old Court subsidiaries and affiliates some of which are identified in later paragraphs of this Complaint. She also had ownership interests in various entities which she and Jeffrey A. Levitt used to divert from Old Court funds for their own personal use and those of other members of their family and

the other defendants including, in particular, defendants Allan H. Pearlstein and Rosemary Pearlstein. She also received funds and fees directly from Old Court for which she performed no services.

62. When defendant Jeffrey Levitt resigned as a director of First Progressive (September, 1982), defendant Karol Levitt was appointed a director and secretary of First Progressive.

63. Defendant Allan H. Pearlstein was as previously alleged a controlling shareholder of LCP Corp. directly and through Light Street. Although not formally titled an officer or director of Old Court, defendant Allan H. Pearlstein, as well as defendants Jerome Cardin and Karol Levitt, acted as such by, *inter alia*, appointing as directors their nominees defendants Robert D. Pearlstein (Allan H. Pearlstein's son) and defendant Samuel Shoubin (Jerome Cardin's father-in-law); controlling Old Court by virtue of their ownership interest in LCP Corp. (Allan H. Pearlstein and Jerome Cardin) and Light Street (Allan H. Pearlstein and Karol Levitt); and otherwise participating and directing the affairs of Old Court through various joint ventures, partnerships, corporations, subsidiaries and other affiliates some of which are identified elsewhere in this Complaint, and with respect to Cardin through his law firm, Cardin and Cardin, P.A. Defendant Jerome Cardin, or a representative of Cardin and Cardin, P.A., attended all Old Court Board of Director meetings.

64. Defendant Rosemary Pearlstein is Allan H. Pearlstein's wife and together with him participated in various acts related to his self-dealing with Old Court through various joint ventures, partnerships, corporations, subsidiaries and other affiliates. Rosemary Pearlstein also received monies in the form of excessive fees or other payments unrelated to or inconsistent with any services she performed for Old Court.

65. Defendants Jeffrey Levitt and Allan Pearlstein controlled and operated First Progressive prior to the purchase of Old Court by LCP Corp. and directly or indirectly thereafter until it was merged into Old Court on November 1, 1984, at the urging of the MSSIC defendants. Defendant Allan H. Pearlstein was the President of First Progressive.

66. Defendant Jerome Cardin is a member of the Bar of the State of Maryland. He was one of the original directors of Old Court when it was incorporated in 1960. From 1960 through September, 1982 he was co-general manager of Old Court, and from 1960 through May 13, 1985 he, individually or through his law firm, Cardin and Cardin, P.A. (and its predecessor Cardin and Weinstein), was general counsel for Old Court, its subsidiaries and many of its affiliates.

67. Cardin and Cardin, P.A. is a Maryland corporation engaged in the business of operating a law firm. Its principal place of business is located at 6615 Reisterstown Road, Baltimore, Maryland 21215. As stated in paragraph 46 above it or its predecessor, Cardin and Weinstein, were general counsel for Old Court, its subsidiaries and many of its affiliates from its inception through May 13, 1985. Plaintiffs allege on information and belief that Cardin and Cardin, P.A. received excessive and improper fees from Old Court

68. Prior to September, 1982 Jerome Cardin and members of his family, including a former judge of the Circuit Court for the City of Baltimore, were the sole owners of Old Court. They collectively sold the controlling interest in Old Court to LCP Corp.

69. Defendant Glass and Associates, P.A. is a Maryland corporation engaged in the business of operating a certified public accounting firm. Its principal place of business is located at 2 Hopkins Plaza, 714 Mercantile Bank & Trust Building, Baltimore, Maryland 21201. The firm was engaged by Old Court to perform accounting and auditing functions after September, 1982 and plaintiffs allege that they did perform such services until sometime in 1984 or 1985. Plaintiffs allege on information and belief that Glass and Associates reviewed the books and records of Old Court periodically and assisted in the preparation, either directly or indirectly, of unaudited statements of Old Court distributed to prospective purchasers of Old Court Certificates of Deposit, and that it prepared an audited year end statement for Old Court for 1983 and possibly 1984.

70. Defendants Jeffrey A. Levitt, Allan H. Pearlstein, Jerome Cardin, Karol Levitt, the other officers and directors of Old Court, Light Street and LCP Corp. were controlling

persons of Old Court within the meaning of Section 20 of the Exchange Act, 15 U.S.C. §78t(a). They will be referred to collectively along with Old Court, Rosemary Pearlstein, Cardin & Cardin and Glass & Associates as the "Old Court Defendants."

71. Defendant Maryland Savings Share Insurance Corporation ("MSSIC") is a Maryland Corporation chartered in 1962 in order to protect depositors and investors with accounts in Maryland savings and loan institutions which were not federally insured. The institutions which MSSIC purported to insure, of which there were approximately 100 during the period 1982 through May, 1985 (one of which was Old Court), were members of MSSIC and together controlled it by their right to elect eight of the eleven members of the Board of Directors (the other three were appointed by the Governor of Maryland). MSSIC stated orally and in writing in response to inquiries and to the general public on a continuing basis that it insured up to $100,000.00 each account of any kind on deposit with any member. First Progressive was a MSSIC member.

72. The individual defendants identified below, (along with MSSIC, collectively referred to as the "MSSIC Defendants"), constituted the Board of Directors and executive officers of MSSIC, at times relevant to this action. Many of these defendants had been officers or directors of Maryland Savings and Loan institutions.

Charles C. Hogg, II – President and Chief Operating Officer
Paul B. Trice, Jr. – Senior Vice President
George W. H. Pierson – Chairman of the Board of Directors
Jerome F. Dolivka – Vice Chairman of the Board of Directors
Frances F. Anderson – Director and Treasurer
Michael J. Dietz – Director and Secretary
Leonard Bass – Director
John C. Donohue, Sr. – Director
Henry R. Elsnic – Director

John D. Faulkner, Jr. – Director
James D. Laudeman, Jr. – Director
Terry L. Neifeld – Director

73. The State of Maryland Deposit Insurance Fund Corporation ("MDIF") is a Maryland Corporation created by the Maryland General Assembly on or about May 18, 1985 in emergency legislation. (Chapter 6 of the Special Session of 1985.) Its principal place of business is located at 114 E. Lexington Street, Baltimore, Maryland 21202. Effective June 1, 1985, it became the successor in interest to MSSIC, having assumed all of MSSIC's assets and liabilities, and agreed to pay up to $100,000 per account frozen at Old Court. MDIF was the conservator for Old Court until November 8, 1985 at which time it became the receiver.

74. Venable, Baetjer & Howard ("VB&H") is a Partnership engaged in the practice of law which has its principal place of business in Baltimore, Maryland. From 1974 until late 1985, VB&H served as general counsel to MSSIC. During that time period, a lawyer from VB&H attended virtually every meeting of the board of directors of MSSIC.

75. Defendants Jeffrey A. Levitt, Allan H. Pearlstein, Jerome Cardin and Karol Levitt purchased Old Court through LCP Corp. with the purpose and extent of using it to raise large amounts of capital to dispose of and invest for their own personal benefit, without regard to applicable law and banking regulations designed to protect owners of investment certificates and depositors in all accounts at Old Court; and did so, individually and collectively among themselves and in concert with others, including the other Old Court Defendants, Glass & Associates, Cardin & Cardin, the MSSIC defendants and various officials of the Division of Savings and Loans of the Maryland Department of Licensing and other Governmental Entities identified in paragraph 69 of the Complaint.

76. In order to implement the scheme to divert funds belonging to Old Court into personal or business enterprises, defendants Jeffrey Levitt, Allan Pearlstein, Karol Levitt, with the assistance of the other Old Court directors, used existing

subsidiaries and affiliates of Old Court and created others with interlocking officers and directors including but not limited to: Old Court Joint Ventures, Inc., Old Court Investment Company, Inc., Monumental City Service Corporation; The Insurance Group, Inc. (formerly "Old Court Insurance Group, Inc."), Magill Herman, Inc., Intermarket, Inc., Meridian Mortgage Investment Corp.; Bankers' Realty, Inc., and Bankers' Appraisal, Inc.

77. Defendants Feinberg and Guidice (Old Court directors and officers) participated in the above scheme as did officers or directors of some of the above entities, and received excessive and improper fees and payments from Old Court or one or more of the above subsidiaries and affiliates of Old Court or others related to or affiliated with Old Court, Jeffrey Levitt, Karol Levitt, and Allan Pearlstein.

78. One of the means by which the new owners of Old Court attempted to generate the cash for their investments, was to cause Old Court, shortly after its acquisition by LCP, to offer for sale and sell Certificates of Deposit at higher rates of interest than those being offered by competitive financial institutions.

79. Since the sale of Certificates of Deposit locally would not generate sufficient funds to finance the Old Court defendants' objectives, the Old Court defendants attempted to sell great numbers of such Certificates to persons or entities outside Maryland who would not ordinarily do business with Old Court and would not in all likelihood know of Old Court otherwise, in addition to promoting sales of such Certificates within Maryland.

80. In connection with their efforts to attract out of state purchasers of Old Court Certificates of Deposit, the Old Court Defendants instituted a massive national advertising campaign which utilized newspapers with national circulation as well as newspapers in other regional markets including, *inter alia,* the Wall Street Journal, the New York Times, the Philadelphia Inquirer, the Los Angeles Times, the Washington Post and the Chicago Tribune, in addition to the local Baltimore papers.

81. In addition, the Old Court Defendants initiated a campaign to utilize brokers and investment bankers to market

Certificates of Deposit, and succeeding in selling Certificates of Deposit through such brokers and investment bankers, including, but not limited to, First Investment Securities, Inc., a Little Rock, Arkansas brokerage firm.

82. In connection with their efforts to attract out of state buyers of Certificates of Deposit, Old Court utilized a toll free "800" number, prepared employees with information to respond favorably to out of state inquiries as to the safety and risk-free nature of Old Court Certificates of Deposit, arranged with the MSSIC defendants as well as personnel at Governmental Entities (defined in Paragraph 82 of this Complaint) to answer inquiries about Old Court positively and together with MSSIC prepared and distributed numerous letters, brochures and other materials emphasizing the risk free nature of all investments and deposits at Old Court based upon the representation that they were fully insured up to $100,000.

83. The advertisements placed by Old Court in various newspapers and the written material distributed directly to potential purchasers and the public were intended to and did in fact create the impression that the Old Court's Certificates of Deposit were "safe" investments, insured by a governmental agency in much the same way as were Certificates of Deposit from banks and savings and loan institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and Federal Savings and Loan Insurance Corporation ("FSLIC".)

84. In connection with the Defendants' campaign to induce the investing public to purchase Old Court Certificates of Deposit, Old Court:

(a) Stated falsely that it had an "advantage" over other financial institutions in that it could pay a higher yield on its Certificates of Deposit than comparable institutions without risk of loss to purchasers of such investments while continuing to operate in accordance with sound banking practices, because Old Court was operated by experienced, knowledgeable and aggressive management;

(b) Utilized in its advertisements in newspapers, on stationary and elsewhere a seal similar to that of the State of

Maryland adopted by MSSIC intending thereby and through direct statements to prospective purchasers of Certificates of Deposit to mislead such purchasers into believing that their investments in Old Court were safely insured up to $100,000 per account by the State of Maryland or a Maryland governmental agency;

(c) Issued in response to inquiries from potential customers, especially prospective purchasers of Certificates of Deposit, financial statements purporting to set forth a true and accurate picture of the financial condition of Old Court, knowing such statements were incorrect;

(d) Distributed in response to inquiries about the safety of Old Court Certificates of Deposit from prospective purchasers, including plaintiffs Seymour Zuckerman, George R. Lyon and Francine Tafflin various materials in the form of brochures and letters, some of which were prepared by MSSIC and all of which contained false and misleading information; including, but not limited to: a brochure entitled "Old Court Savings & Loan, Inc. Statement of Financial Condition"; a brochure entitled "We Have the Answers"; and monthly letters on MSSIC stationary entitled "An Open Letter to a Potential MSSIC Saver" (all of which contain false and misleading information) which were intended to and had the effect of inducing investors to believe that the Old Court Certificates of Deposit were fully and safely insured by a governmental agency;

(e) Represented that its operations were at all times in compliance with the rules and regulations of the [illegible]cable regulatory agencies of Maryland, while knowing that it was a notorious violator of MSSIC regulations as well as state statutory law and regulations;

(f) Failed to disclose to potential purchasers of Certificates of Deposit that Old Court was lending significant sums of money to business enterprises belonging to or controlled by defendants Jeffrey A. Levitt and Allan H.

Pearlstein and/or their relatives, and associates, or other Old Court defendants, including, but not limited to Levitt-Pearlstein Investment Foundation; Levitt-Pearlstein Management Co.; Charles Street Title Co.; Karol Springs Partnerships I and II; Pearl Miami Partnerships; Bay Breeze Limited Partnership; and Ostot Enterprises, Inc.;

(g) Failed to disclose that certain of the Old Court Defendants attempted to obtain from Maryland governmental officials preferential treatment for various business enterprises belonging to or controlled by Jeffrey A. Levitt, Allan H. Pearlstein and their relatives and associates by lending money belonging to Old Court to such persons with the understanding that such "loans" not be repaid or could be repaid on preferential terms;

(h) Failed to disclose material facts as to the creation and use of numerous corporations, partnerships and joint ventures including, *inter alia*, those identified in paragraphs 75(f) and 68 of the Complaint, with complex and interlocking relationships among them and with Old Court which were controlled by one or more of the defendants Jeffrey A. Levitt, Allan H. Pearlstein, Jerome Cardin, Karol Levitt, Rosemary Pearlstein, Allen Feinberg, Dennis E. Guidice, Samuel Shoubin, Robert D. Pearlstein and others to act as conduits to enable some or all of the individual Old Court defendants, relatives, friends and associated unnamed parties in obtaining money belonging to Old Court for their own personal gain.

(i) Failed to disclose that First Progressive was in effect operated and controlled by defendants Jeffrey A. Levitt and Allan J. Pearlstein (even prior to its merger with Old Court) and that First Progressive was in serious financial difficulties because of, *inter alia*, mismanagement and misappropriation of funds by defendants Jeffrey A. Levitt and/or Allan H. Pearlstein or other related individuals.

85. All of the Old Court defendants, as officers, directors and shareholders of Old Court or otherwise in their respective

capacities, knew that the information prepared, published and circulated to potential and current investors as well as to the public at-large was false and misleading and failed to state facts necessary to avoid the misleading nature of such representations and that such material misleading information was intended to induce investors to rely upon it in connection with their purchases of Old Court Certificates of Deposit.

86. The MSSIC defendants knew of Old Court's aforementioned acts, misrepresentations and omissions to disclose material information regarding its operations generally and in connection with the offer and sale of Certificates of Deposit by Old Court, and explicitly and implicitly aided, abetted and consented to the unlawful practices of the Old Court defendants and the material misrepresentations and failures to disclose information necessary to avoid the misleading nature of these and other representations in connection with the sale of Old Court Certificates of Deposit.

87. The MSSIC defendants alone and in concert with the Old Court defendants, other Maryland savings and loan institutions, officials of Maryland's Department of Licensing, Saving and Loan Division, and other unnamed parties artificially inflated the attractiveness of Old Court's Certificates of Deposit (and those of other Maryland savings and loan institutions) in order to induce investors to purchase Old Court Certificates of Deposit as well as similar certificates of deposit sold by other member savings and loan institutions in the follcwing ways:

(a) Prepared, published, distributed and made available for distribution by member savings and loan association a brochure entitled "We Have the Answers" creating the impression it was a Maryland state agency responsible for the regulation of over one hundred savings and loan institutions in Maryland, and that, in fact, it regulated such savings and loans to insure the safety of deposits and investments in them;

(b) Prepared, published, distributed and made available for distribution by member savings and loan institutions, on a regular basis, letters entitled "An Open Letter to

a Potential MSSIC Saver" which were given to prospective purchasers of Certificates of Deposit, intending to and in effect creating the impression that it regulated all of its 101 members savings and loan institutions in essentially the same manner as the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation did for the banks and savings and loans insured by them;

(c) Responded to telephone and written inquiries by prospective purchasers of Certificates of Deposit by assuring them of the safety of their investment in member savings and loan associations;

(d) Permitted member savings and loan associations to advertise the sale of Certificates of Deposit in national and regional newspapers including the Philadelphia Inquirer, the Wall Street Journal, the New York Times, the Los Angeles Times, the Washington Post, and the Baltimore Evening Sun using a seal similar to that of the State of Maryland and otherwise creating by words and pictures the image that such institutions were operated by and insured by governmental agencies of or the State of Maryland itself;

(e) Pursued an explicit policy of concealing adverse information concerning its member savings and loan institutions and, in particular, Old Court, in order to prevent its publication by newspapers and electronic media; and

(f) Opposed legislation introduced in the Maryland legislature that would have required MSSIC to expressly state, as was true, that it was not backed by the full faith and credit of the State of Maryland.

88. Commencing at some time after the purchase of Old Court by LCP Corp. and continuing virtually until the collapse of Old Court, during which time plaintiffs and members of the class were purchasing and renewing Old Court Certificates of

Deposit, the MSSIC defendants, contrary to their representations to plaintiffs and members of the class, knew that Old Court Certificates of Deposit were not "safe" investments because, *inter alia*,

(a) Old Court was being systematically looted by several of the Old Court Defendants in that they were diverting substantial funds of Old Court for their own use;

(b) Old Court was a "habitual violator" of MSSIC's rules and regulations;

(c) Old Court was systematically paying exorbitant management, consulting, and similar fees to several of the Old Court defendants and other associated entities or persons;

(d) Old Court was during the same period systematically allowing the Old Court defendants and members of their families to overdraw in huge amounts on NOW accounts at Old Court, as well as making insider loans in amounts prohibited by MSSIC and state regulations;

(e) Old Court was being used by the Old Court defendants as a captive savings and loan to generate large amounts of cash to be used to finance large real estate and other projects in which they and related persons and business entities had interests. These large real estate investments were individually illegal, improper and imprudent and taken together absorbed an excessive amount of Old Court's total capital;

(f) The proportion of assets of Old Court utilized in making commercial construction and unimproved land loans was 69.83% on March 31, 1985. This effectively placed Old Court in an extremely risky financial posture. Under MSSIC rules and regulations, the maximum proportion of assets to be so used was 40%. Even before March 31, 1985, it exceeded the MSSIC guidelines and prudent banking standards;

(g) The extremely high proportion of Old Court assets devoted to such loans was even riskier than readily apparent since, as certain of the Old Court, defendants knew and in fact planned, a large number of such loans had been made to entities affiliated in some manner with one or more of the Old Court defendants.

(h) Many of the Old Court loans described in paragraph (f) above as well as many of the loans generally made by Old Court, particularly those made to Old Court defendants or related entities, were made with inadequate documentation and collateral or even completely without documentation and/or collateral.

(i) Other deficient, risky, and fraudulent lending practices included refinancing of delinquent loans with further loans, and issuance of mortgage loans in amounts larger than 80% of the sale price of the underlying realty;

(j) On November 1, 1984, at the urging of MSSIC, First Progressive was merged into Old Court, despite the fact that the MSSIC defendants knew that First Progressive was operating at a substantial loss and was operating in violation of MSSIC regulations as well as those of the Division of Savings and Loans and that Old Court itself was, as alleged previously in this complaint, operating in violation of these same rules and regulations. The MSSIC defendants were also aware that First Progressive was at that time and for sometime prior thereto controlled and operated by defendants Jeffrey A. Levitt and Allan H. Pearlstein and that the poor financial condition and mismanagement of First Progressive was at least in part a result of unlawful acts of defendants Jeffrey A. Levitt, Allan H. Pearlstein and Karol Levitt.

89. In March, 1985, at the same time that the aforementioned brochures and letters were being circulated to prospective investors, MSSIC sent a letter to Jeffrey Levitt, Old Court's President, specifying in detail over fifteen separate and serious violations of MSSIC rules and regulations by Old Court.

90. The MSSIC defendants concealed from and deliberately misrepresented to the investing public the nature of the "insurance" offered by MSSIC in, *inter alia*, the following ways:

(a) MSSIC asserted that the "insurance" consisted of an undertaking by MSSIC to back up each of the accounts in all of its 101 member savings and loan institutions, but in fact, the MSSIC defendants knew that such an undertaking would be impossible in the event of a "run" on savings and loans like that experienced in several states in the recent past because it had insufficient liquid assets to do. A significant portion of its assets were securities from member institutions which could not be converted to cash readily; or

(b) MSSIC asserted, contrary to fact (according to MDIF and MSSIC regulations), that in the event that an insured member was unable to pay any depositor with any type account including Certificates of Deposit, upon demand and in accordance with the terms under which such deposits were made or such certificates were sold, MSSIC would promptly assume such obligation and honor it under the same terms and conditions agreed to between the member savings and loan institutions and depositors or owners of certificates of deposit. This assertion was made to all purchasers of Certificates of Deposit, including the named plaintiffs Francine Tafflin, Seymour Zuckerman and George R. Lyon in various ways including:

(i) A statement as to what MSSIC did in a situation in 1964 involving a member institution in financial trouble;

(ii) Describing MSSIC insurance as the equivalent or FSLIC and FDIC insurance; and

(iii) Representing itself as a governmental agency.

(c) MSSIC misrepresented the number of problems which it had encountered since its formation by citing only one such situation, when in fact there were other problems

including those at First Progressive in which they were deeply involved.

(d) MSSIC never supervised or regulated its members in the manner it was obligated to do by its charter, by-laws and regulations.

91. VB&H has since at least as early as 1974 represented various saving and loan associations which were members of MSSIC, or the owners, directors, officers or agents of such associations including, but not limited to, Cardin, Jeffrey Levitt, Old Court, and Allan Pearlstein, while at the same time serving as counsel to MSSIC. In addition, VB&H has served as counsel to several partnerships or other business entities in which one or more of the above named individuals were involved, and one or more partners of VB&H participated as a principal in one or more businesses in which certain Old Court defendants were also principals.

92. VB&H was at all times aware that its legal services for MSSIC would cause MSSIC to take actions which would be relied upon by persons purchasing certificates of deposit from Old Court, First Progressive and other member savings and loan associations. In representing MSSIC, VB&H owed a duty to depositors and purchasers of certificates of deposit from MSSIC member savings and loan associations, which duty it failed to perform because of conflicts of interest arising from its representation of Old Court; various Old Court defendants and other firm clients associated with other members of MSSIC.

93. As a result of its representation of the above referenced parties, VB&H was not properly carrying out its duties as independent counsel to MSSIC on matters in which MSSIC's actions might infringe upon the interests of their other clients.

94. At least in part because of their conflict of interest VB&H participated with and aided and abetted the Old Court Defendants and the MSSIC Defendants in carrying out the aforementioned scheme and frauds. In advising MSSIC's Board of Directors, whose members included representatives of the present or former clients, VB&H aided the MSSIC Defendants and the Old Court Defendants in concealing the problems which

existed at Old Court and MSSIC. Among the various actions which were taken knowingly and/or recklessly by VB&H were:

(a) Advising MSSIC that it could advertise that accounts of its member institutions were insured up to $100,000 per account, regardless of the number of accounts opened by a particular investor, whereas MSSIC was not authorized to do so, nor did it have adequate funds to insure repayment of investors on that basis;

(b) Advising MSSIC to attempt to defeat legislation which would require MSSIC members to disclose that MSSIC was not a state agency;

(c) Advising MSSIC to ignore flagrant violations of its own regulations and those of the Division of Savings & Loan of the Maryland Department of Licensing by members and in particular Old Court, and its predecessor First Progressive;

(d) Failing to advise MSSIC of the numerous violations by the Old Court Defendants of state and federal securities laws enumerated herein; and

(e) Knowing that MSSIC's own conduct constituted a violation of state and federal securities laws and that it had an affirmative duty to cease such conduct, but failing to advise MSSIC of those violations or of its duty.

95. VB&H received fees for representing some or all of the Old Court Defendants in an amount in excess of $295,000.

96. Three Maryland Governmental agencies charged with regulating savings and loan institutions in Maryland, the Department of Licensing and Inspection, the Board of Savings and Loan Association Commissioners and the Division of Savings and Loan Association ("Governmental Entities") acting alone, in concert with each other and in concert with MSSIC failed to regulate Maryland savings and loan institutions and actively hid from the investing public and plaintiffs the adverse information they knew about the financial condition, violation of MSSIC

rules and regulations as well as those of the responsible governmental entities, the unlawful self dealing and other improper practices of Old Court and other savings and loan institutions. One flagrant example of this lack of compliance with laws and regulations was the failure to find and disclose year end audited statements for Old Court fiscal years 1983 and 1984.

97. A number of individual officials with responsibility for the operations of these Governmental Entities had long standing relations with the savings and loan industry, and with the MSSIC defendants (who also had past ties with member savings and loans) and intentionally concealed information adverse to various savings and loan institutions for fear the disclosure of adverse information would damage the owners of such institutions, especially Old Court.

98. The Governmental Entities and MSSIC were convinced that revelations of any adverse information regarding the savings and loan industry could result in a loss of public confidence in the savings and loan system, a decrease in deposits and investments and perhaps even cause a "run", resulting in criticism or liquidation of MSSIC and the governmental entities. Contrary to their duties and public representations, the Governmental Entities, MSSIC, and the MSSIC Defendants adopted explicit policies of hiding their knowledge of the poor financial condition of several savings and loan institutions and of their serious violation of its regulations and sound banking practices.

99. As was inevitable and as known by the defendants to be inevitable, a run did in fact take place on Old Court and Old Court was unable to meet the demands for withdrawals by its customers.

100. On May 13, 1985, Old Court was placed into conservatorship in the Circuit Court for Baltimore City, Maryland (hereinafter "Conservatorship Proceeding"). MSSIC was appointed the Conservator.

101. On or about June 1, 1985, the Maryland General Assembly established the Maryland Deposit Insurance Fund Corporation ("MDIF"), as the successor in interest of MSSIC, and MDIF was substituted as the Conservator for Old Court.

MDIF assumed all of the assets and all of the liabilities of MSSIC, including all of its insurance liabilities.

102. On or about May 13, 1985, the Circuit Court for Baltimore City, by order in the Conservatorship Proceeding, *inter alia*, limited withdrawals from all accounts for all deposits at Old Court (including Certificates of Deposit) made prior to May 13, 1985 to no more than $1,000 for each consecutive thirty day period.

103. On or about June 7, 1985, the Circuit Court for Baltimore City, by order in the Conservatorship Proceedings, prohibited all withdrawals from all accounts (including Certificates of Deposit) at Old Court of funds deposited prior to May 13, 1985 for a period of ninety days subsequent to the date of said Order (hereinafter "June 7, 1985 Order").

104. The June 7, 1985 Order, *inter alia*, allowed Certificates of Deposit to accrue interest at the rate contracted for when opened until the date of maturity of such certificates at which time (if within the ninety-day period of the June 7, 1985 Order) the Investment Certificate would be rolled-over automatically into successive thirty day Certificates of Deposit accruing interest at 5½ per cent.

105. On or about June 27, 1985, the Circuit Court of Baltimore County by order in the Conservatorship Proceeding continued to preclude all withdrawals of funds deposited in all accounts (including Certificates of Deposit) at Old Court prior to May 12, 1985, subject to an exception that funds could be withdrawn for the purpose of making monthly or other periodic payments on any debt owed to Old Court.

106. Subsequent to the June 27 Order, and until October 28, 1985 further orders or actions in the Conservatorship Proceeding prohibited withdrawals of deposits made prior to May 13, 1985 which again included Certificates of Deposit. On October 28, 1985 by Order of the Court in the Conservatorship Proceedings certain hardship exemptions were promulgated which allowed withdrawal from certain accounts on a very limited basis. None of the named plaintiffs have obtained any funds on this basis, and plaintiffs allege on information and belief

that such a strict construction of the "exemptions" has made it virtually meaningless.

107. On or about November 8, 1985, the Circuit Court for Baltimore City converted the Old Court Conservatorship Proceeding into a Receivership Proceeding. MDIF was appointed the Receiver.

108. Upon conversion of the Conservatorship Proceeding into a Receivership Proceeding, the Circuit Court for Baltimore City prohibited (a) the accrual of all subsequent interest due on Certificates of Deposit and (b) required that Certificates of Deposit which matured as of that date or subsequent thereto be rolled over into accounts upon which no interest was payable.

109. On January 3, 1986, defendant Jeffrey A. Levitt was indicted by a state grand jury on criminal charges of embezzling and misappropriating $14.6 million from Old Court and First Progressive. The indictment contains 12 felony embezzlement counts and 13 misdemeanor charges of misappropriation by a fiduciary. One count of the indictment alleges that Levitt got the money to buy his stake in Old Court by stealing from First Progressive.

110. The Attorney General for the State of Maryland has announced that he intends to seek indictments about other individuals involved in the Old Court/First Progressive fraud in the near future.

111. A joint federal and state investigation into possible criminal acts by persons involved with Old Court has been taking place for the last several months.

112. As a result of the collapse of Old Court and its failure and/or inability to pay to plaintiffs the amounts invested by them in Old Court Certificates of Deposit, the plaintiffs have been damaged and continue to be damaged despite the fact that at some indeterminate time in the future MDIF and/or some other entity may pay to them some portion or all of the principal the invested in Old Court.

113. As a result of defendants' unlawful actions as alleged herein, the named plaintiffs and members of the class have been injured and will continue to be injured at an accelerated rate in that as of November 8, 1985 no interest whatsoever is being

accrued on Old Court Certificates of Deposit, and that since May 13, 1985 interest on Old Court Certificates of Deposit which matured as of that date but prior to November 8, 1985 was being accrued at the rate of 5½%, rather than the interest rates which Old Court was obligated to pay on such Certificates of Deposit pursuant to the terms and conditions of their sale.

114. Although officials of the State of Maryland and MDIF have stated that they will guarantee repayment on Certificates of Deposit up to $100,000 per account, and MDIF specifically assumed all the assets and liabilities of MSSIC , MDIF has told owners of Certificates of Deposit that they would not be compensated for any interest which would accrue after November 8, 1985 or the difference between the interest rate which such Certificates bear and the 5½% interest rate which has been accrued on Certificates of Deposit which matured between May 13, 1985 and November 8, 1985.

115. Despite the fact that MDIF purportedly assumed all of the assets and liabilities of MSSIC, which include the obligations of MSSIC to repay immediately losses incurred by depositors and Certificate owners of savings and loans insured by MSSIC, MDIF has stated that no distribution of funds will be made to any owners of Certificates of Deposit before liquidation of the assets of Old Court, and before obligations to creditors of Old Court and depositors of Old Court with accounts other than Certificates of Deposit were satisfied. MDIF's representatives have also stated to owners of Old Court Certificates of Deposit, including the named plaintiff George R. Lyon, that repayment on Old Court Certificates of Deposit could take anywhere between two and eighteen years.

116. Regardless of an eventual repayment of monies owed to the named plaintiffs and members of the class defined herein by MDIF or some other governmental agency or the State of Maryland, these plaintiffs have already suffered damage inasmuch as they have been deprived of the use of their money when they were entitled to it and will in all probability be deprived of this money for a significant time in the future. No state agency or other party has offered to pay damages based

upon the present worth of funds due to plaintiffs and their future worth at some unknown date.

117. Plaintiffs have invested substantial amounts of their savings and funds in Old Court Certificates of Deposit and have thus suffered consequential damages and will continue to do so at an accelerated rate inasmuch as plaintiffs had relied upon the use of these funds to fulfill personal and business commitments and in many cases to maintain their present standards of living.

118. The class as defined at paragraph 1 of this Complaint is in compliance with Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure because:

(a) Because of the great number of investors in Old Court, the members of the Class are so numerous that joinder of all members is impracticable.

(b) The claims of plaintiffs are typical of the claims of all members of the Class and their common interest is to obtain relief for themselves and the Class for the violations of law set forth herein.

(i) All of the class members have received virtually the same information in virtually the same form from Old Court and MSSIC and relied upon such information in much the same way;

(ii) Defendants' wrongful conduct as alleged in this Complaint has the same relevance to all claims by members of the class. Such conduct includes, in addition to the said misrepresentations to plaintiffs, the Old Court Defendants' theft of Old Court's assets for their personal use; the failure of MSSIC to regulate Old Court in accordance with its obligations; and the knowledge by MSSIC and failure to disclose it of Old Court violations of the rules of MSSIC and state regulatory agencies;

(iii) The Certificates of Deposit which form the basis for the claims alleged herein are virtually the same;

(iv) The conduct of MDIF toward all owners of Certificates of Deposit since the collapse of Old Court is the same as to all plaintiffs;

(v) Most damages suffered by plaintiffs can be calculated on the same basis because of the actions of MDIF and the orders of the Circuit Court for Baltimore City entered during the period of conservatorship and receivership of Old Court.

(c) Plaintiffs will fairly and adequately protect the interests of the Class and have retained competent counsel experienced in class action litigation to prosecute this action.

(d) A class action is superior to other available methods for the fair and efficient adjudication of this controversy since the Class is so numerous and its membership so widespread that joinder of all members is impracticable. There will be no difficulty in the management of this action as a class action since records of plaintiffs' Certificate Accounts are easily available from Old Court or its Receiver MDIF.

(e) Questions of law and fact common to the members of the Class exist and predominate over any questions affecting only individual members of the Class. Among the questions of law and fact common to the Class are:

(i) Whether the federal and state securities laws, common law and RICO were violated by defendants' acts and omissions as alleged herein;

(ii) whether defendants participated in and pursued the conspiracy and common course of conduct of which plaintiffs complain;

(iii) whether documents, releases, reports, and statements disseminated to the investing public during the class period omitted and/or misrepresented material facts about the businesses and financial conditions of Old Court and MSSIC;

(iv) whether the defendants acted wilfully or recklessly in omitting to state and/or misrepresenting material facts or in aiding and abetting the making of such misstatements;

(v) whether during the class period the attractiveness of Old Court Investment Certificate was artificially inflated due to the non-disclosures and/or misrepresentations complained of herein;

(vi) whether plaintiffs' funds have been unlawfully converted by MDIF or others; and

(vii) whether MDIF or the State of Maryland is obligated to pay plaintiffs' damages which include full restitution of their principal and agreed upon interest rate for the full period of time they have been deprived of their investments.

COUNT I

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 by All Old Court Defendants and All MSSIC Defendants and VB&H

119. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 118.

120. During the period from November 1982 to May 13, 1985, defendants, singularly and in concert with each other and other unnamed parties engaged in or aided and abetted a plan, scheme and unlawful conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices, and courses of conduct which operated as a fraud upon plaintiffs and the Class, and made various untrue statements of material facts and omitted to state material facts in order to make the statements made, in light of the circumstances under which they were made, not misleading, to plaintiffs and the Class in connection with the sale of Old Court Certificates of Deposit to plaintiffs and the Class.

121. During the period from November 1982 to May 13, 1985, defendants, pursuant to such plan, scheme and unlawful

conspiracy and course of conduct, knowingly or recklessly issued, caused to be issued, participated in the issuance of, or aided and abetted the preparation and issuance of the above referenced documents, including, but not limited to Old Court financial statements, as well as brochures and letters prepared by Old Court or MSSIC which contained the above reference misstatements of material fact or omitted to state the material facts.

122. The misstatements and omissions, taken individually and as a whole, were designed to and did create the false impression that the prospects for Old Court were bright; that it had developed operating techniques that were sound, prudent, and gave it a competitive edge in the savings and loan industry; that its loans were adequately collateralized and/or guaranteed by reputable, financially responsible borrowers; that it was profitable; that its profitability would continue to grow; that MSSIC was financially sound, that the insurance offered by MSSIC was completely reliable, and that an investment in Old Court would be safe.

123. Defendants had actual knowledge of at least some of the materially false and misleading statements and omissions set forth herein.

124. Plaintiffs, relying on the said misrepresentations and omissions, and not knowing they were false, invested in Old Court Certificates of Deposit and sustained damages thereby.

125. Each of the defendants, in acting as hereinabove described, did so knowing that the insurance purportedly provided by MSSIC and advertised by Old Court and other saving & loan institutions in connection with the sale by Old Court of Certificates of Deposit by Old Court and other Maryland savings and loan associations was not what it was purported to be; that the true financial and operating condition of Old Court and MSSIC were poor; that the risks of loss from and the losses sustained or likely to be sustained from its poor banking practices were high; and of the falsity of the other misrepresentations and omissions alleged herein. With knowledge or reckless disregard of the facts as alleged herein, defendants disseminated or participated in the dissemination of

the reports and statements referred to above knowing that they contained misstatements of or omitted to contain the material fact alleged herein.

126. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and are liable thereunder to plaintiffs.

127. Each of the defendants is liable as a direct participant in, as a co-conspirator and/or as an aider and abettor, of the wrongs complained of herein.

128. The Old Court directors, defendants Allan H. Pearlstein, Karol Levitt, Jerome Cardin, LCP Corporation and Light Street are liable to plaintiffs as controlling persons of Old Court.

129. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

COUNT II

Violation of the Racketeer Influenced and Corrupt Organization Act By Old Court Defendants and VB&H

130. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 129.

131. The Old Court defendants and VB&H were at all times relevant to the events alleged herein all either employed by or associated with an enterprise engaged in, or the activities of which affected, interstate commerce. That enterprise is an association in fact comprised of Old Court and the Old Court defendants, and Glass & Associates, and numerous other known and unknown persons and entities associated with one or more of the Old Court defendants and who were the recipients directly or indirectly of illegal or improper loans or payments from Old Court, including, but not limited to, the subsidiaries and affiliates of Old Court, Jeffrey A. Levitt, and Allan H. Pearlstein identified previously in this complaint.

132. In violation of 18 U.S.C. §§1962(c) and (d), defendants have conspired to conduct and have conducted or participated in the conduct of, directly or indirectly, the affairs of the enterprise

identified in paragraph 127 above through a pattern of racketeering activity consisting of repeated acts of fraud in the sale of securities, as alleged in this complaint; repeated acts of theft and embezzlement as alleged herein and by the indictment referred to above and repeated acts of mail and wire fraud violative of 18 U.S.C. §§1341 and 1343 all of which occurred within 10 years of one another, including:

(a) Mailings of the above referenced brochures, letters and financial statements to prospective customers, and

(b) Mailings or wiring by investors of funds to be invested in Old Court induced by the misrepresentations and fraud of defendants including, but not limited to, the mailing of the funds invested by the named plaintiffs to Old Court.

133. Each of the Old Court defendants' and VB&H's racketeering activities, as set forth herein, were conducted for the purpose of furthering the enterprise's scheme of defrauding investors. Each such act had similar purposes, involved similar participants, namely the defendants, similar methods of commission and similar results impacting the same victims, namely, members of the Class. Thus, such acts constitute a pattern of racketeering activity within the meaning of the Racketeer Influenced and Corrupt Organizations Act.

134. Each of the defendants agreed and conspired with other defendants and/or other unnamed partners to commit the above specified acts of racketeering activity, and agreed and conspired to conduct the affairs of the above identified enterprise through a pattern of racketeering activity.

135. By reason of defendants' violations of 18 U.S.C. §§1962(c) and (d) as alleged herein, the members of the Class have been injured in their business and property in that (a) they each invested substantial sums of money in Old Court; and (b) they each have suffered losses as a result of those investments.

136. MDIF is liable to the plaintiffs on this claim as the receiver of Old Court.

COUNT III

Violation of the Racketeer Influenced and Corrupt Organization Act by the MSSIC Defendants and VB&H

137. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 136.

138. The MSSIC defendants and VB&H were at all times relevant to the events alleged herein in either employed by or associated with an enterprise engaged in, or the activities of which affected, interstate commerce. That enterprise is an association in fact comprised of MSSIC, all of its member savings and loan associations, and the Governmental Entities.

139. In violation of 18 U.S.C. §§1962(c) and (d), the MSSIC defendants have conspired to conduct and have conducted or participated in the conduct of, directly or indirectly, the affairs of the enterprise identified in paragraph 133 above through a pattern of racketeering activity consisting of repeated acts of fraud in the sale of securities, as alleged in this Complaint; and repeated acts of mail and wire fraud violative of 18 U.S.C. §§1341 and 1343 all of which occurred within 10 years of one another, including:

(a) Mailings of the above referenced brochures, letters and financial statements to prospective customers, and

(b) Mailings or wiring by investors of funds to be invested in Old Court.

140. Each of the MSSIC defendants' and VB&H's racketeering activities, as set forth herein, was conducted for the purpose of furthering the enterprise's scheme of defrauding investors to continue to invest in Old Court and other Maryland savings and loan associations in order to avoid criticism of themselves and MSSIC and liquidation of MSSIC. Each such act had similar purposes, involved similar participants, namely the MSSIC defendants, similar methods of commission and similar results impacting the same victim, namely members of the Class. Thus, such acts constitute a pattern of racketeering

activity within the meaning of the Racketeer Influenced and Corrupt Organizations Act.

141. Each of the defendants agreed and conspired with other defendants and/or co-actors to commit the above specified acts of racketeering activity, and agreed and conspired to conduct the affairs of the above identified enterprises through a pattern of racketeering activity.

142. By reason of defendants' violations of 18 U.S.C. §§1962(c) and (d) as alleged herein, the Class has been injured in its business and property in that (a) they each invested substantial sums of money in Old Court; and (b) they each have suffered losses as a result of those investments.

143. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC.

COUNT IV
Common Law Fraud, Deceit, Negligent and Intentional Misrepresentation By All Defendants

144. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 143.

145. The aforementioned misrepresentations and omissions were made by defendants intentionally knowing they were false, or in reckless disregard thereof, to artificially inflate the attractiveness of Old Court Certificates of Deposit, and to induce plaintiffs to invest in those Certificates of Deposit, with knowledge that the plaintiffs and class members were relying on defendants' misrepresentations and omissions.

146. Plaintiffs, relying on the said misrepresentations and omissions, and not knowing they were false, invested in Old Court Certificates of Deposit and sustained damages thereby.

147. By reason of the foregoing, defendants are guilty of common law fraud, deceit and intentional misrepresentations.

148. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

COUNT V
Violation of the Maryland Securities Act and other applicable state securities laws by All Old Court Defendants, All MSSIC Defendants and VB&H

149. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 148.

150. By virtue of the foregoing, defendants have violated section 11-301 of the Maryland Securities Act, Md. Corps. & Assn's Code Ann. §11-301, and other applicable state securities laws, including Mich. Comp. Laws §451.501; N.J. Rev. Stat. §49:3052; N.Y. Gen. Bus. Law §339-a; and 70 Pa. Stat. Ann. §1-401.

151. This Count is brought by all named defendants and putative class members for violation of the Maryland law. In addition, it is brought by the named plaintiffs who are citizens of the states listed other than Maryland under the statutes of such state on their own behalf and and on behalf class members who are citizens of such state.,

152. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

COUNT VI
Breach of Contract by Old Court

153. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 152.

154. Old Court's failure to pay to its investors the sums invested by them in Old Court Certificates of Deposit constitutes a breach of the contracts between Old Court and each of the plaintiffs.

155. MDIF is liable on this claim as the receiver of Old Court.

COUNT VII
Breach of Contract by MSSIC

156. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 155.

157. Despite Old Court's failure, MSSIC has failed to pay to each depositor in Old Court as of May 13, 1985, including plaintiffs, the amount of their investments (up to a maximum of $100,000 per account) pursuant to the terms of its contractual obligations to them.

158. By virtue of the foregoing, MSSIC has breached its contractual obligations to members of the class.

159. MDIF is liable on this claim as the successor in interest to MSSIC.

COUNT VIII
Conversion by Old Court

160. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 159.

161. Plaintiffs are unable to withdraw all or any part of their Certificates of Deposit in Old Court, either the principal amounts thereof or accrued interest.

162. Old Court, by its conservator and later receiver MDIF, has converted plaintiffs' property by refusing to accrue interest on Old Court Certificates of Deposits at the rate stated on such certificates, but rather accruing interest on all Certificates of Deposits which matured between May 13, 1985 and November 8, 1985 at the rate of 5 1/2 percent, and refusing to accrue any interest whatsoever on plaintiffs' Old Court Certificates of Deposit after November 8, 1985 no matter how long it takes MDIF or anyone else to release any money to plaintiffs due on their Certificates of Deposit.

163. MDIF is liable on this claim as the successor in interest to Old Court.

COUNT IX
Breach of Fiduciary Obligations by All
MSSIC Defendants and All Old Court Defendants

164. Plaintiffs incorporate by reference the allegations of paragraphs 1 through 163.

165. By virtue of the foregoing, all of the MSSIC Defendants and all of the Old Court Defendants have breached their fiduciary obligations owed to the plaintiffs.

166. MDIF is liable to plaintiffs on this claim as the successor in interest to MSSIC and as the receiver of Old Court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment on behalf of themselves and all the other members of the Class, as follows:

(a) Determining that this action is a proper Class Action under Rule 23 of the Federal Rules of Civil Procedure, an that the Class Action be so maintained on behalf of the Class defined, above:

(b) Awarding damages, compensatory and punitive, in favor of plaintiffs and the other Class Members;

(c) Awarding treble damages in favor of plaintiffs and other Class Members pursuant to 18 U.S.C. §1965(c).

(d) Awarding to plaintiffs prejudgment interest, the costs and disbursements of this action, including reasonable allowances of fees for plaintiffs' attorneys, accountants and experts and reimbursement of plaintiffs' expenses; and

(d) Granting such other further relief as this Court may deem just and proper.

Judith R. Cohn
Brian P. Flaherty